

AGENDA
Oakland University
Board of Trustees Formal Session
June 8, 2011, 2:00 p.m.
Auditorium, Elliott Hall of Business & Information Technology
Presiding: Chair Henry Baskin

A. Call to Order – Chair Henry Baskin

B. Roll Call – Secretary Victor A. Zambardi

C. Consent Agenda for Consideration/Action – Chair Henry Baskin

Tab 1. Consent Agenda

Tab 2. Minutes of the Board of Trustees Formal Session of April 28, 2011

Tab 3. University Personnel Actions

Tab 4. Acceptance of Gifts and Pledges to Oakland University for the Period of April 1 through May 31, 2011

Tab 5. Acceptance of Grants and Contracts to Oakland University for the Period of April 1, 2011 through April 30, 2011

Tab 6. Amendment to Collective Bargaining Agreement between Oakland University and Oakland University Professional Support Association

Tab 7. 2011-2012 Oakland University Board of Trustees Regular Formal Session Dates

D. New Items for Consideration/Action

Tab 8. Resolution Honoring Marta L. Bauer, Student Liaison to the Oakland University Board of Trustees – Mary Beth Snyder

Tab 9. General Fund Budget and Tuition Rates for FY2012 – John W. Beaghan

Tab 10. Architectural and Engineering Firm for the Engineering Center – John W. Beaghan/ Virinder K. Moudgil

Tab 11. Resolution of the Board of Trustees of Oakland University Approving a Construction and Completion Assurance Agreement, a Conveyance of Property, a Lease and an Easement Agreement, if Necessary, for the Oakland University Human Health Building – John W. Beaghan

E. Other Items for Consideration/Action that May Come Before the Board

F. Adjournment




Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

CONSENT AGENDA
A Recommendation

1. **Division and Department:** Office of the President
2. **Introduction:** The following recommendation is presented for Board of Trustees consideration on a Consent Agenda. If any member of the Board wishes to remove any item from the Consent Agenda for discussion, the request should be made to the Chair. The remaining items will then be considered on the Consent Agenda, with a separate discussion on the item removed.
3. **Previous Board Action:** The Board of Trustees considers Consent Agendas for approval on a regular basis at its Formal Sessions.
4. **Budget Implications:** Budget implications are described in each respective item in the Consent Agenda.
5. **Educational Implications:** Educational implications are described in each respective item in the Consent Agenda.
6. **Personnel Implications:** Personnel implications are described in each respective item in the Consent Agenda.
7. **University Reviews/Approvals:** The Consent Agenda items were reviewed as indicated in each respective agenda item
8. **Recommendation:**
RESOLVED, that the Board of Trustees approve the items listed below as set forth in the respective agenda resolutions:
 - a. Minutes of the Board of Trustees Formal Session of April 28, 2011
 - b. University Personnel Actions
 - c. Acceptance of Gifts and Pledges to Oakland University for the Period of April 1, 2011 through May 31, 2011
 - d. Acceptance of Grants and Contracts to Oakland University for the Period of April 1, 2011 through April 30, 2011
 - e. Amendment to Collective Bargaining Agreement between Oakland University and Oakland University Professional Support Association
 - f. 2011-2012 Oakland University Board of Trustees Regular Formal Session Dates
9. **Attachments:** None.

Recommended on 6/3/11, 2011
to the Board for Approval



Gary D. Russi, President

**Minutes of the Formal Session
of the
Oakland University Board of Trustees
April 28, 2011**

Present: Chair Henry Baskin; Vice Chair Michael R. Kramer; and Trustees Monica E. Emerson, Richard A. Flynn, Jacqueline S. Long, Ronald E. Robinson and Mark E. Schlusel

Absent: Trustee Jay B. Shah

Also Present: President Gary D. Russi; Senior Vice President Virinder K. Moudgil; Vice Presidents John W. Beaghan, Rochelle A. Black, Susan Davies, and Mary Beth Snyder; Vice President and Secretary to the Board of Trustees Victor A. Zambardi; and Student Liaisons Marta L. Bauer and Emily R. Tissot

A. Call to Order

Chair Henry Baskin called the meeting to order at 2:00 p.m. in the Auditorium of Elliott Hall of Business and Information Technology.

B. Roll Call

Mr. Victor A. Zambardi, Vice President for Legal Affairs, General Counsel and Secretary to the Board of Trustees, conducted a roll call and all of the Board members were present, except for Trustee Jay B. Shah.

Dr. Gary D. Russi, President, asked Dr. Mary Beth Snyder, Vice President for Student Affairs and Enrollment Management, to introduce new leadership.

Dr. Snyder introduced Ben Eveslage, Student Body President, and Elisa Malile, Student Body Vice President.

Dr. Russi discussed the possibility of establishing a mobile app for Oakland University in August or September of this year. He called on Dr. Nilesh Patel, Assistant Professor of Engineering, Computer Science and Engineering. Dr. Patel introduced his team: Andrey Simeonov, Josh Tsao, Emily Wike, and Joseph Perry. Dr. Patel presented a demonstration on the OU mobile app launching for phase I.

C. Consent Agenda for Consideration/Action

Consent Agenda

Minutes of the Board of Trustees Formal Session of March 30, 2011

Acceptance of Gifts and Pledges to Oakland University for the Period of March 1 through March 31, 2011

RESOLVED, that the Board of Trustees accept the gifts and pledges to Oakland University identified in the Gifts and Pledges Report, Attachment A, for the period of March 1 through March 31, 2011.

(A copy of Attachment A is on file in the Board of Trustees Office.)

Acceptance of Grants and Contracts to Oakland University for the Period of January 1, 2011 through March 31, 2011

RESOLVED, that the Board of Trustees accept the grants and contracts to Oakland University identified in the Grants and Contracts Report, Attachment A, for the period of January 1, 2011 through March 31, 2011.

(A copy of Attachment A is on file in the Board of Trustees Office.)

Ancillary Activities Operating Budgets for the Fiscal Year Ending June 30, 2012

RESOLVED, that the Board of Trustees approves the FY2012 budgets for Campus Recreation, Graham Health Center, Intercollegiate Athletics, Lowry Center for Early Childhood Education, Meadow Brook Music Festival, Meadow Brook Theatre, Oakland Center, and University Housing, with expenditures and transfers not to exceed the expense total for each unit as reflected in the attached budgets, except as set forth; and, be it further

RESOLVED, that all expenditures and transfers beyond the approved expense total must have the prior approval of the President or his designee and these amounts will be reported on a periodic basis to the Board of Trustees.

Amendment to Collective Bargaining Agreement between Oakland University and Oakland University Campus Maintenance and Trade

RESOLVED, that the Board of Trustees approve the amendment to the OUCMT collective bargaining agreement evidenced by the Letter of Agreement between the University and OUCMT as attached hereto as Attachment 1.

(A copy of Attachment 1 is on file in the Board of Trustees Office.)

Trustee Jacqueline S. Long, seconded by Trustee Richard A. Flynn, moved approval of the Consent Agenda, and the motion was unanimously approved by those present.

D. New Items for Consideration/Action

Authorization for Tuition Rate for the Oakland University – Beaumont Nurse Anesthesia Program

Dr. Virinder K. Moudgil, Senior Vice President for Academic Affairs and Provost, called on Dr. Darlene Schott-Baer, Interim Dean, Nursing, to present the Authorization for Tuition Rate for the Oakland University - Beaumont Nurse Anesthesia Program recommendation as set forth in the agenda item.

RESOLVED, that the Board of Trustees authorizes the President to assess a flat tuition rate for the Nurse Anesthesia Program in the amount of \$6,800/semester or \$47,600 for the program; and, be it further

RESOLVED, that the Senior Vice President for Academic Affairs and Provost will assess the flat tuition rate biannually to stay in line with revenue and expenses, and bring to the Board of Trustees any recommendations for tuition rate changes; and, be it further

RESOLVED, that upon Board approval, a revised Nurse Anesthesia agreement between OU and Beaumont Hospitals will be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel to comply with the law and University policies and regulations, and to conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

After discussion, Trustee Long, seconded by Trustee Mark E. Schlüssel, moved approval of the recommendation, and the motion was unanimously approved by those present.

Dr. Moudgil commented that this program is one of the highest rank programs Oakland has ever had and he appreciates Board support in maintaining that excellence.

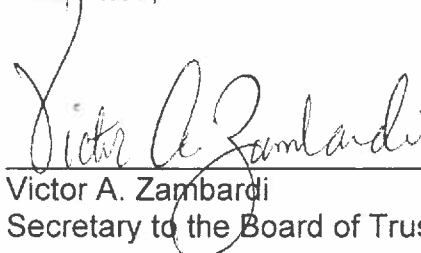
E. Other Items for Consideration/Action that May Come Before the Board

There were no other items for consideration/action presented to the Board.

F. Adjournment

Chair Baskin adjourned the meeting at 2:21 p.m.

Submitted,



Victor A. Zambardi
Secretary to the Board of Trustees

Approved,

Henry Baskin
Chair, Board of Trustees

Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

UNIVERSITY PERSONNEL ACTIONS
A Recommendation

1. **Division and Department:** Academic Affairs, Office of the Senior Vice President for Academic Affairs and Provost.
2. **Introduction:** The following sets of personnel actions require Board of Trustees (Board) approval. In addition, twice a year, the administration reports to the Board other personnel actions as information items.
3. **Previous Board Action:** The Board routinely approves personnel actions at its Formal Sessions.
4. **Budget Implications:** Changes in salary due to the promotion/change in faculty rank have been supported by the Board through the approval of Agreements between Oakland University and the Oakland University Chapter of the American Association of University Professors.
5. **Educational Implications:** Seasoned and knowledgeable faculty enhance the training and education of students. Recognition of a faculty member's long-standing dedication to the mission of the institution reinforces a culture that is devoted to excellence in teaching, research, creative endeavor and service.
6. **Personnel Implications:** The personnel implications are as outlined in the recommendation below.
7. **University Reviews/Approvals:** Academic personnel actions are reviewed by faculty committees and academic deans, and are subject to the approval of the Senior Vice President for Academic Affairs and Provost. Administrative personnel actions are reviewed by University Human Resources and when appropriate, by the Office of the Vice President for Legal Affairs.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approve the personnel actions below.

**University Personnel Actions
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2**

I. Administrative Appointments

Barritt, Eric D., Vice President for Community Engagement, effective June 27, 2011 pursuant to the Employment Agreement between Eric D. Barritt and Oakland University that was reviewed and approved by the Office of the Vice President for Legal Affairs and is in compliance with the law and University policies and regulations and conforms to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

Youngblood, Betty J., Associate Vice President for Outreach and Executive Director of OU-Macomb, effective July 1, 2011 pursuant to the Employment Agreement between Dr. Betty J. Youngblood and Oakland University that was reviewed and approved by the Office of the Vice President for Legal Affairs and is in compliance with the law and University policies and regulations and conforms to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

Department Chairs

<u>Chair</u>	<u>Department</u>	<u>Term</u>
Bull, Arthur W.	Chemistry	August 15, 2011 – August 14, 2014 (2 nd term)
Rigstad, Mark A.	Philosophy	August 15, 2011 – August 14, 2014 (1 st term)
Kitchens, Marshall W.	Writing & Rhetoric	August 15, 2011 – August 14, 2014 (1 st term)

II. Academic Appointments

Eastwood, Jennifer L., Assistant Professor of Biomedical Sciences without tenure (\$82,000); (New appointment filling a vacant authorized position), effective June 1, 2011.

Venuti, Judith M., Associate Professor of Biomedical Sciences with tenure (\$110,000); (New appointment filling a vacant authorized position), effective July 1, 2011.

III. Oakland University William Beaumont School of Medicine Standard Appointments, effective June 8, 2011.

The following standard appointments in the Oakland University William Beaumont School of Medicine are for three years, commencing on June 8, 2011, and are renewable. These standard appointments are without salary support from Oakland University and are not tenured positions. Appointees must maintain active status on the staff of Beaumont Hospital, meet all applicable School of Medicine participation requirements, and maintain the continued support of their Department Chairs, who are responsible for assessing their performance. Appointees' standard appointments may also be terminated at any time, upon the recommendation of their Department Chair, or for reasons that are at the exclusive discretion of the Dean of the School of Medicine:

Axelrod, David, Associate Professor, Internal Medicine
Braver, Barry, Assistant Professor, Family Medicine
Faia, Lisa J., Adjunct Assistant Professor, Ophthalmology
Kiel, Rapheal, J., Associate Professor, Internal Medicine
Marshall, Donna, Adjunct Assistant Professor, Medical Library
Nelson, Kenneth R., Adjunct Assistant Professor, Medical Library
Rogers-Snyr, Andrea L., Adjunct Assistant Professor, Medical Library
Khayyata, Said H., Associate Professor, Pathology
Seltzer, Marlene B., Assistant Professor, Obstetrics and Gynecology
Waiter, Jerome M., Professor, Orthopedic Surgery
Zimmerman, Janet, Adjunct Assistant Professor, Medical Library

IV. Emeritus Appointments

Cramer, William S., Professor Emeritus, University Library, effective August 15, 2011.

Merz, Mildred H., Professor Emerita, University Library, effective August 15, 2011.

Pogany, Ann M., Professor Emerita, University Library, effective August 15, 2011.

V. Change of Status

Bull, Arthur W., from Professor of Chemistry and Chair, Department of Chemistry to Professor of Chemistry, effective May 1, 2011 to August 14, 2011.

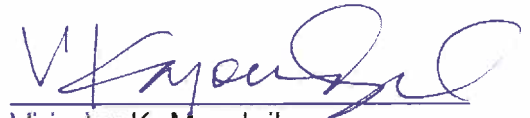
University Personnel Actions
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 4

Dembinski, Roman, from Associate Professor of Chemistry to Associate Professor of Chemistry and Acting Chair, Department of Chemistry, effective May 1, 2011 to August 14, 2011.

Halpin, John F., from Associate Professor of Philosophy and Chair, Department of Philosophy to Associate Professor of Philosophy, effective August 14, 2011.

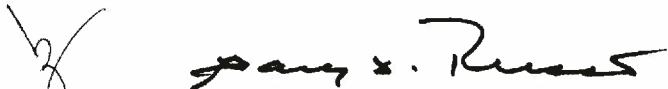
9. **Attachments:** None

Submitted to the President
on 6/3, 2011 by



Virinder K. Moudgil
Senior Vice President for
Academic Affairs and Provost

Recommended on 6/6, 2011
to the Board for Approval by



Gary D. Russi
President

**ACCEPTANCE OF GIFTS AND PLEDGES TO
OAKLAND UNIVERSITY FOR THE PERIOD OF
APRIL 1 THROUGH MAY 31, 2011**

A Recommendation

1. **Division and Department:** University Relations.
2. **Introduction:** Every gift makes a difference at Oakland University. Gifts strengthen the University's ability to deliver excellence to our students and our community, both now and in the future, and make strong programs extraordinary by supporting education and technological advancements, as well as current programs. Gifts also make a lasting impact on lives young and old, when they help fund the cost of a college education.

The Board of Trustees (Board) has authorized the President, or his or her designee, to receive and acknowledge gifts to the University, but such gifts must be reported to the Board not less often than quarterly for acceptance on behalf of the University.

At this time, we request that the Board accept the gifts and pledges reported on the attached Gifts and Pledges Report, Attachment A, on behalf of the University.
3. **Previous Board Action:** The Board accepts gifts to Oakland University on a regular basis at its Formal Sessions.
4. **Budget Implications:** Gifts to the University positively impact budgets, whether the gift is restricted to a specific area, or unrestricted.
5. **Educational Implications:** Some gifts are designated to fund specific academic programs.
6. **Personnel Implications:** Some gifts may be used for salary or support.
7. **University Reviews/Approvals:** All gifts are processed by the Office of Advancement Information Services and are reviewed by the Vice President for University Relations prior to submission to the Board to ensure compliance with federal and state laws and regulations and University policies and procedures when applicable, with assistance from the Office of the Vice President for Legal Affairs when requested.

Acceptance of Gifts and Pledges to Oakland University
for the Period of April 1 through May 31, 2011
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2

8. Recommendation:

RESOLVED, that the Board of Trustees accept the gifts and pledges to Oakland University identified in the attached Gifts and Pledges Report, Attachment A, for the period of April 1 through May 31, 2011.

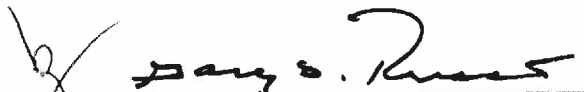
9. Attachments: A. Gifts and Pledges Report.

Submitted to the President
on June 2, 2011 by



Susan L. Davies
Vice President, University Relations

Recommended on 6/2, 2011
to the Board for approval by



Gary D. Russi
President

ADDITIONAL AGENDA MATERIALS LIST
FOR THE JUNE 8, 2011
BOARD OF TRUSTEES FORMAL SESSION

Tab 4. Acceptance of Gifts and Pledges to Oakland University for the Period of April 1 through May 31, 2011

- To view the attachment to this item, please contact Rhonda Saunders at (248) 370-3112 or saunders@oakland.edu

Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

**ACCEPTANCE OF GRANTS AND CONTRACTS TO OAKLAND UNIVERSITY
FOR THE PERIOD OF APRIL 1, 2011 THROUGH APRIL 30, 2011**

A Recommendation

1. **Division and Department:** Academic Affairs/Office of Grants, Contracts and Sponsored Research

2. **Introduction:** Oakland University contributes to our national agenda as a contributor to the nation's scientific and technological progress, both through the generation of new knowledge and ideas and the education and training of its students. Grants and contracts awarded to Oakland University play a critical role in the advancement of new research findings, and current research trends gives emphasis to inter-disciplinary, technology-driven, and product-oriented team efforts.

The Board of Trustees (Board) has authorized the President, or his or her designee, to receive and acknowledge grants and contracts to the University, but such grants and contracts must be reported to the Board not less often than quarterly for acceptance on behalf of the University.

At this time, we request that the Board accept the grants and contracts reported on the attached Grants and Contracts Report, Attachment A, for the period April 1, 2011 through April 30, 2011.

3. **Previous Board Action:** The Board accepts grants and contracts to Oakland University on a regular basis at its Formal Sessions.

4. **Budget Implications:** Grants and contracts contribute to the University through the recovery of direct and indirect expense incurred in support of research projects.

5. **Educational Implications:** Grants and contracts enhance the training and education of students.

6. **Personnel Implications:** Grants and contracts awards may provide salary support for faculty, post-doctoral fellows, undergraduate and graduate students, technicians, lab managers, and other personnel, as required by the funded research project or program.

Acceptance of Grants and Contracts to
Oakland University for the Period of
April 1, 2011 through April 30, 2011
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2

7. **University Reviews/Approvals:** All grants and contracts are reviewed by the Office of Grants, Contracts and Sponsored Research prior to submission to the Board to ensure compliance with federal and state laws and regulations and University policies and procedures, when applicable, and with assistance from the Office of Legal Affairs when requested.

8. **Recommendation:**

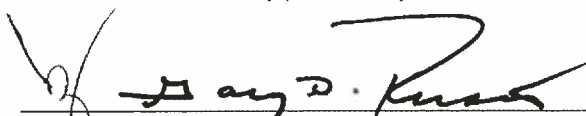
RESOLVED, that the Board of Trustees accept grants and contracts to Oakland University identified in the attached Grants and Contracts Report, Attachment A, for the period of April 1, 2011 through April 30, 2011.

9. **Attachments:** A. Grants and Contracts Report.

Submitted to the President
on 6/1, 2011 by


Virinder K. Moudgil
Senior Vice President for
Academic Affairs and Provost

Recommended on 6/1, 2011
to the Board for approval by


Gary D. Russi
President

Principal Investigator	Awarding Agency	Title and Project Abstract	Award Amount	Total Award All Years
Mary Otto <i>Macomb Smart Zone Incubator</i>	Michigan Economic Development Corporation	Macomb/Oakland University SmartZone Project. <i>This project will provide operational and facility support for the Macomb/OU SmartZone Business Incubator. It will enhance job creation and tax base growth in Macomb County.</i>	\$ 250,000	\$ 250,000
Lorenzo Smith <i>Department of Mechanical Engineering</i>	Chrysler Group LLC	Development of New Tooling for Draw Simulation Tests. <i>The goal of this project is to design, fabricate and test the performance of four new draw bead block sets for draw bead simulation tests.</i>	\$ 5,736	\$ 5,736
Qian Zou <i>Department of Mechanical Engineering</i>	General Motors Corporation	Tribological Testing of Piston Wrist Pin against Pin Bore (Phase III). <i>The objective of this project is to study the motion and wear/scuffing resistance at the piston wrist pin and pin bore interface.</i>	\$ 53,036	\$ 53,036
George Martins <i>Department of Physics</i>	National Science Foundation (NSF)	SMaRT Summer Materials Research Training. <i>This project will provide research mentoring to 11 students from around the country, for ten weeks in the summer.</i>	\$ 250,000	\$ 250,000
Frank Giblin <i>Eye Research Institute</i>	National Institutes of Health (NIH)	Proteins of Normal and Cataractous Lenses. <i>The objective of this project is to evaluate the role of oxidative stress in the development of human nuclear cataract, the most common type of lens opacity in older adults, and the type most likely to require surgery.</i>	\$ 364,718	\$ 1,895,778
Reginald McCloud <i>Pre-College Programs</i>	Detroit Area Pre-College Engineering Program (DAPCEP)	Detroit Area Pre-College Engineering Program (DAPCEP). <i>This project will give underrepresented students the interest and preparation needed to succeed in a University-level science or engineering curriculum.</i>	\$ 7,000	\$ 7,000
Fay Hansen <i>Department of Biological Sciences</i>	Midwest Campus Compact Stem Consortium	Sustainability and Creativity Zone on Campus: Organic Farming and Historic Farm Preservation. <i>The goal of this project is to introduce foods and healthy choices into the science curriculum through classes and service learning.</i>	\$ 25,000	\$ 25,000

Principal Investigator	Awarding Agency	Title and Project Abstract	Award Amount	Total Award All Years
James Leidel <i>Facilities Management</i>	Southeast Michigan Conservation and Development Council	<i>Promoting Wood Biomass Energy in Michigan Institutions.</i> <i>The goal of this project is to install a wood chip boiler in the OU Shotwell Gustafson Pavilion.</i>	\$ 65,000	\$ 65,000
Huirong Fu Jai Li <i>Department of Computer Science & Engineering</i>	National Science Foundation	<i>REU Site: Undergraduate Computer Research (UnCoRe).</i> <i>The primary objective of the REU Site that we propose to continue is to promote graduate studies in Computer and Information Science and Engineering to bright, talented undergraduate students with little exposure to research.</i>	\$ 319,941	\$ 319,941
Andrei Slavin <i>Department of Physics</i>	U.S. Army	<i>Theory of a Spintronic Nano-Scale Microwave Diode for Applications in Microwave Detection.</i> <i>The goal of this project is to develop a theory of a microwave diode detector based on a nonlinear spin-torque nano-oscillator (STNO).</i>	\$ 99,379	\$ 99,379
Lorenzo Smith <i>Department of Mechanical Engineering</i>	Ford Motor Company	<i>Process Development of Aluminum Tube Bending and Hydroforming.</i> <i>The goal of this project is to develop standard finite element modeling procedures for tube hydroforming processes.</i>	\$ 67,055	\$ 123,317
Total			\$ 1,506,865	\$ 3,094,187

Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

**AMENDMENT TO COLLECTIVE BARGAINING AGREEMENT
BETWEEN OAKLAND UNIVERSITY AND OAKLAND UNIVERSITY
PROFESSIONAL SUPPORT ASSOCIATION**

A Recommendation

1. **Division and Department:** President, Office of Inclusion and Intercultural Initiatives.

2. **Introduction:** Consistent with the University's goal to welcome and honor all people regardless of their sexual orientation, gender identity or gender expression and to help ensure that the University recruit and retain the best and brightest students, faculty and staff members, the Board of Trustees recently amended its Equal Opportunity Policy, the President implemented Administrative Policy 712 – Administrative Guidelines Supporting the Equal Opportunity Policy, and the President and Director of Inclusion and Intercultural Initiatives published a value statement all consistent with that goal. The President also recommended amendments to the collectively bargained agreements with the University's represented employee groups through Letters of Agreement.

The Letters of Agreement clarify eligibility for sick leave, bereavement leave and tuition remission benefits. During the last negotiations, it was generally agreed upon by the parties that to be eligible for such benefits an employee must maintain insurance coverage with the University. This inadvertently resulted in a small group of employees being ineligible for sick leave, bereavement leave and tuition remission benefits. The Letters of Agreement have no impact on health care benefits offered and provided to lesbian, gay, bisexual and transgendered (LGBT) employees. Health care benefits to LGBT employees have always been provided, and have never been taken away or jeopardized.

The Letters of Agreements were presented to representatives of each represented employee group, including the Oakland University Professional Support Association (OUPSA). Attached is a copy of the approved OUPSA Letter of Agreement that was dated May 13, 2011, and approval of the Board of Trustees is now sought to amend the collective bargaining agreement with the OUPSA. (See Attachment A).

3. **Previous Board Action:** The Board of Trustees approved the collective bargaining agreement between the University and OUPSA on November 9, 2009.

4. **Budget Implications.** None.

**Amendment to Collective Bargaining Agreement between Oakland University and
Oakland University Professional Support Association
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2**

5. **Educational Implications:** None.

6. **Personnel Implications:** The University's ability to successfully recruit and retain LGBT faculty and staff is enhanced because the University is advancing the goals of diversity and inclusion.


7. **University Reviews/Approvals:** The amendments to collective bargaining agreements as evidenced by the Letters of Agreement were recommended by various University constituencies, supported by the Director and the President and have been reviewed and approved by the Vice President for Legal Affairs and General Counsel.

8. **Recommendation:** RESOLVED, that the Board of Trustees approve the amendment to the OUPSA collective bargaining agreement evidenced by the Letter of Agreement between the University and OUPSA as attached hereto as Attachment A.

9. **Attachments:**

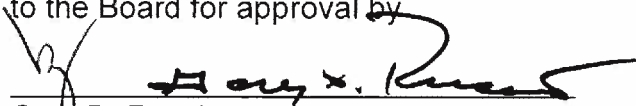
A. Executed Letter of Agreement between the University and OUPSA

Submitted to the President
on 6/1, 2011 by



Joi Cunningham
Director, Inclusion and
Intercultural Initiatives

Recommended on 6.8, 2011
to the Board for approval by



Gary D. Russi
President

**Letter of Agreement
Between
Oakland University
and the
Oakland University Professional Support Association**

This letter of agreement ("LOA") is entered into by and between Oakland University ("University") and the Michigan Education Association (MEA)/National Education Association (NEA), Oakland University Professional Support Association (OUPSA) ("Association").

Recitals

WHEREAS, the University and the Association (collectively the "Parties") are Parties to a 2008-2011 Collective Bargaining Agreement ("Agreement"); and

WHEREAS, the Parties are committed to diversity and inclusion and building a community that welcomes and honors all people.

NOW, THEREFORE, the Parties agree as follows:

Letter of Agreement

1. The foregoing Recitals are incorporated into this LOA by this reference.
2. Paragraphs 148, 164, 225, 226, 227 and 228, and Appendix G, of the Agreement are amended as follows:

ARTICLE XVII
SICK LEAVE

148. Sick-time with pay will be authorized for the following reasons:
 - d. Acute and serious personal illness of a husband, wife, dependent child (natural or adopted or step), parent or step parent or Other Qualified Adult and Dependent Children of Other Qualified Adults, which requires the employee to provide care to said person during the employee's normal work schedule.

ARTICLE XX
TIME OFF WITH PAY

164. Bereavement Time. In the event of a death in an employee's immediate family, the employee will receive bereavement time with pay from the day of death until the day following the funeral, provided the period does not exceed three (3) working days. For the purpose of this paragraph the immediate family is defined as: spouse, child, parent, brother, sister, mother/father-in-law, sister/brother-in-law, daughter/son-in-law, grandparent, grandchild, step-parent, step-child, step-sister/brother, half-sister/brother and Other Qualified Adult and Dependent Children of Other Qualified Adults.

ARTICLE XXVII
CAREER DEVELOPMENT

225. Partial Tuition Waiver. The University has established a partial tuition waiver program for dependent children, spouses and Other Qualified Adults and Dependent Children of Other Qualified Adults of CTs.
226. Eligibility. Subject to the other provisions of this article, a dependent child, spouse or Other Qualified Adult and Dependent Children of Other Qualified Adults of a CT who meets the eligibility criteria for participation in the Career Development Program as described above in paragraph 222, is eligible for partial tuition waiver for undergraduate or graduate courses if the dependent child, spouse or Other Qualified Adult and Dependent Children of Other Qualified Adults is attending the University as a regularly enrolled student working toward a degree or certificate granting program to be awarded by the University. The Internal Revenue Service's definition of dependent child for federal income tax purposes shall apply.
227. Requirements and Provisions.
- A. Dependent children, spouse or Other Qualified Adult and Dependent Children of Other Qualified Adults tuition waiver applications will be accepted from the first day of the semester preceding the semester in which the course for which funding is sought is offered, and no later than the drop/add date for the semester. Late and incomplete applications will be rejected.

Letter of Agreement
Between
Oakland University and the
Oakland University Professional Support Association
Page 3

- B. The University will waive 50% of the cost of the eligible dependent child's and/or spouse's and/or Other Qualified Adult and Dependent Children of Other Qualified Adults' tuition, up to a maximum of thirty-two (32) credit hours per fiscal year (with a maximum of sixteen (16) credit hours per semester).
 - C. The dependent children and/or spouse and/or Other Qualified Adult and Dependent Children of Other Qualified Adults must apply and be accepted into a degree or certificate granting program at the University or as a guest student.
228. Proof of Successful Completion of Course.
- A. Funding for an undergraduate course(s) is contingent upon the dependent child, spouse or Other Qualified Adult and Dependent Children of Other Qualified Adults receiving a grade of at least "2.0" on a "4.0" scale. Failure to achieve a 2.0 or better in a course will result in debiting of previously credited funds for that course and the course will still count towards the thirty-two (32) credit limit for that University fiscal year.
 - B. Funding for a graduate course(s) is contingent upon the dependent child, spouse or Other Qualified Adult and Dependent Children of Other Qualified Adults receiving a grade of at least "3.0" on a "4.0" scale. Failure to achieve a 3.0 or better in a course will result in debiting of the previously credited funds for that course and the course will still count towards the thirty-two (32) credit limit for that University fiscal year.
 - C. In the event of a withdrawal from or unsuccessful completion of a funded course, University Human Resources will debit the dependent child's, spouse's or Other Qualified Adult and Dependent Children of Other Qualified Adults' student account for amounts credited to the student account by University Human Resources for that course and the course will still count towards the thirty-two (32) credit limit for that University fiscal year.

APPENDIX G
GLOSSARY OF TERMS

The parties intend that the terms and conditions that apply to CTs and their dependents apply equally to Other Qualified Adults and Dependent Children of Other Qualified Adults, and this Agreement shall in all cases be interpreted and applied so as to give effect to that intent.

DEPENDENT OF AN OTHER QUALIFIED ADULT

For purposes of this contract, Dependent of an Other Qualified Adult means an individual who meets all of the following eligibility requirements to Oakland's satisfaction:

- (1) is a dependent of the Other Qualified Adult as defined by the Internal Revenue Code as amended from time to time and the regulations promulgated thereunder; and
- (2) is not married.

OTHER QUALIFIED ADULT


For the purpose of this contract, Other Qualified Adult means an individual who meets all of the following eligibility requirements, to Oakland's satisfaction, at the time a CT makes a request for sick leave, time off with pay, or career development benefits:

- (1) is not the spouse of the CT;
- (2) has shared a residence with the CT for eighteen (18) continuous months prior to a request for one of the aforementioned benefits;
- (3) is neither an employee of the owner of the residence in which the CT resides, nor a landlord, tenant or border;
- (4) is at least twenty-six (26) years of age;
- (5) is financially interdependent with the CT;
- (6) has no familial relationship to the CT;
- (7) is not married to someone other than the CT;
- (8) is not a dependent of the CT as defined by the Internal Revenue Code as amended from time to time and the regulations promulgated thereunder; and
- (9) is not an undocumented immigrant.

**Letter of Agreement
Between
Oakland University and the
Oakland University Professional Support Association
Page 5**

3. This LOA and the amendments to the Agreement shall become effective only after ratification by a vote of the Association's membership and upon approval of the University's Board of Trustees.


On Behalf of the Association



Geoffrey Johnson
President

Dated: May 13, 2011

On Behalf of the University



Ronald P. Watson
Assistant Vice President for Human Resources

Dated: 5/18/11

Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

**2011-2012 OAKLAND UNIVERSITY
BOARD OF TRUSTEES REGULAR FORMAL SESSION DATES**

1. **Division and Department:** President's Division; Board of Trustees Office.
2. **Introduction:** The proposed 2011-2012 Oakland University Board of Trustees (Board) regular formal session dates are based upon anticipated Trustee availability to assure that a quorum will be present for the transaction of business. All Board regular formal sessions will be open to the public.
3. **Previous Board Action:** The Board approves the fiscal year regular formal session dates schedule on an annual basis.
4. **Budget Implications:** None.
5. **Educational Implications:** None.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** Board regular formal session dates are proposed by the Secretary to the Board to assure that a quorum will be present for the transaction of business.
8. **Recommendation:**

RESOLVED, that the Board of Trustees (Board) approves the following dates for the Board's regular formal sessions for the Oakland University fiscal year 2011-2012; and, be it further

RESOLVED, that Board regular formal sessions will be held at Oakland University, Rochester, Michigan, at the location, at the times and on the dates indicated; and, be it further

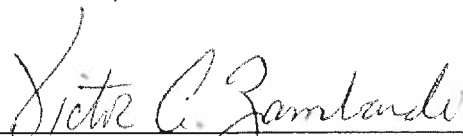
RESOLVED, that Board regular formal sessions may be cancelled or postponed, and the location and times of such regular formal sessions may be changed by the Board Chair. Special formal sessions may also be called by the Board Chair.

Board Regular Formal Sessions
in the Auditorium of Elliott Hall
of Business and Information Technology

Tuesday, August 2, 2011, at 2:00 p.m.
Monday, September 12, 2011, at 2:00 p.m.
Monday, December 19, 2011, at 2:00 p.m.
Monday, February 13, 2012, at 2:00 p.m.
Monday, April 23, 2012, at 2:00 p.m.
Monday, June 11, 2012, at 2:00 p.m.


9. **Attachments:** None.

Submitted to the President
on 6/3, 2011 by



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

Recommended on 6/3, 2011
to the Board for Approval by



Gary D. Russi
President

Agendum
Oakland University
Board of Trustees Formal Session
June 8, 2011

RESOLUTION HONORING MARTA L. BAUER
STUDENT LIAISON TO THE OAKLAND UNIVERSITY
BOARD OF TRUSTEES

1. **Division and Department:** Student Affairs.
2. **Introduction:** On December 1, 1994, the Oakland University Board of Trustees approved the positions of Student Liaisons to the Board. The role of the Student Liaison is to serve as a resource to the Board regarding student issues. The Student Liaisons serve for a one or two-year term beginning in June each year; provide a cross-section of student views and opinions; and make periodic reports regarding Board activities to student groups.
3. **Previous Board Action:** None.
4. **Budget Implications:** None.
5. **Educational Implications:** Student Liaisons gain invaluable educational and career experience through their interaction with the governing board of a complex, public institution. As the voice of students, they are able to provide a cross-section of student views and opinions to the Board of Trustees.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** All resolutions honoring Student Liaisons are reviewed and approved by the Vice President for Student Affairs and Enrollment Management.
8. **Recommendation:** It is recommended that the Board of Trustees adopt the following resolution:

WHEREAS, Ms. Marta L. Bauer, an undergraduate student majoring in English, was appointed by the President as Student Liaison to the Oakland University Board of Trustees in June 2010 with her term of office to end June 30, 2011; and

WHEREAS, Ms. Bauer attended Board meetings and provided a cross-section of student views and opinions; and

WHEREAS, Ms. Bauer demonstrated a concern for facilitating communication between the Board and the student body; and

**Resolution Honoring Marta L. Bauer
Student Liaison to the Oakland University Board of Trustees
Board of Trustees Formal Session
June 8, 2011
Page 2**

WHEREAS, Ms. Bauer informed student groups of her Student Liaison responsibilities and made periodic Board activity reports to those student groups; and

WHEREAS, Ms. Bauer at all times demonstrated leadership skills at the Board meetings in her role as Student Liaison; now, therefore, be it

RESOLVED, that the Oakland University Board of Trustees recognizes the fact that Ms. Marta L. Bauer has served as a Student Liaison with dedication and distinction; and, be it further

RESOLVED, that the Oakland University Board of Trustees commends Ms. Bauer for her outstanding academic achievements, involvement in diverse extracurricular activities at Oakland University, and service as a Student Liaison to the Oakland University Board of Trustees; and, be it further

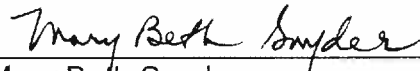
RESOLVED, that a copy of this resolution be provided to Ms. Bauer to convey the esteem in which she is held by the Oakland University Board of Trustees; and, be it further

RESOLVED, that the Oakland University Board of Trustees publicly expresses its deep appreciation to Ms. Bauer and extends to her its best wishes for continued success in all of her future endeavors.

9. **Attachments:** None.

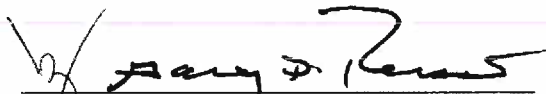
Submitted to the President

on June 1, 2011 by



Mary Beth Snyder
Vice President for Student Affairs and
Enrollment Management

Recommended on 6/2, 2011
to the Board for Approval by



Gary D. Russi
President

**GENERAL FUND BUDGET AND TUITION RATES
FOR FY2012**

A Recommendation

1. **Division and Department:** Finance and Administration, Budget and Financial Planning Office

2. **Introduction:** Board of Trustees (Board) approval is requested for the FY2012 General Fund budget and tuition rates. Highlights and assumptions for this proposal are described below.

Attachment A is a FY2012 General Fund Budget Briefing.

Attachment B is the detailed FY2012 Proposed General Fund Budget which provides summarized budget information for each major academic and operating unit of Oakland University (University) and a comparison to the FY2011 General Fund budget.

Attachment C is the proposed Schedule of Tuition Rates Effective Fall Semester 2011.

State Appropriations:

State funding for higher education continues to erode. The Governor, Senate and House of Representatives have agreed on a FY2012 State of Michigan higher education budget, a 15% across the board reduction for each of the 15 public universities. Included in the appropriation bill is a "Tuition Restraint Incentive" requiring all universities to hold their tuition/fee rate increases below 7.1%. The University's appropriation is \$43,145,000, a \$7,616,300 reduction from the prior year allocation.

The FY2012 appropriation is \$9.8 million less than what was received eleven years ago, with no allowance for enrollment growth or inflation. This represents a 41.4% State funding decrease since FY2002, on an inflation adjusted basis. Historically, the University has been under-funded by the State on a per Fiscal Year Equated Student (FYES) basis as compared to the other public universities in Michigan. According to the Senate Fiscal Agency's Conference Report, the University's per FYES appropriation for FY2012 will be \$2,719 as compared to the state average of \$4,170, third lowest in the state.

Cost Containment and Budget Reductions:

The University has accumulated data on cost containment initiatives totaling over \$42 million of permanent and one-time savings, such as eliminating positions, reducing program offerings, further deferring needed maintenance, renegotiating contracts, refinancing debt, implementation of "healthy living" employee benefits, lean academic and administrative practice redesign, and an early retirement plan. The University's combined revenue per student -- appropriation per FYES plus tuition per FYES -- was

General Fund Budget and Tuition Rates for FY2012
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2

fourth lowest in the state in FY2011. Compared to the state average, the University's combined undergraduate revenue is \$2,470 less per student, substantiating that the University is an efficient and lean organization.

Protecting the Core Education of Students:

The University's economic and societal impact on the state and region have been steadily increasing over the past decade – due to strategic planning, aggressive fiscal management, outstanding faculty and staff, and creative partnerships with business, industry, and the community. To maintain the University's distinctive and valued educational programming and service, additional revenue is needed to adequately fund operations and strategic initiatives for the benefit of our students. State funding as a percentage of the University's proposed FY2012 General Fund budget drops to an all-time low of 19.2%. Even with the continuation of cost containment and budget reduction initiatives, a tuition increase is necessary to protect the core education of University students.

Tuition:

In an effort to keep resident undergraduate tuition rates below the state average (sixth lowest in the State on an "all-in" basis), while continuing the University's financial aid strategy, program improvements, and pricing transparency with no fees, the proposed FY2012 resident undergraduate tuition rate for a full time student is \$10,398.75, a \$22.75 per credit hour increase. Over 62% of University undergraduate students receive non-debt financial aid (scholarships, grants, and other awards), with an average aid package of \$5,594 for FY2011, a 58% discount. The proposed FY2012 resident graduate tuition rate for a full time student is \$13,878, a \$37.75 per credit hour increase.

Highlights of the Proposed General Fund Budget:

Revenue:

1. State appropriation of \$43,145,000, a 15% reduction.
2. FYES enrollment of 16,209, a 1.5% increase over the FY2011 budget.
3. Average undergraduate in-state tuition of \$10,398.75 for full-time students, an increase of \$22.75 per credit hour, a 7.0% increase.
4. Average graduate in-state tuition of \$13,878 for full-time students, an increase of \$37.75 per credit hour, a 7.0% increase.
5. Continuation of no fee pricing strategy.

Expenditures:

1. The expense budget increases 3.8% in total, excluding financial aid, made up of, in part:
 - a. Program improvements: Writing Center, Teaching and Learning Center, Certified Nurse Anesthetist Program, Mount Clemens Anton/Frankel Center, library collections, graduate education, student advisors, and part-time faculty.

General Fund Budget and Tuition Rates for FY2012
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 3

- b. Operating funding required for approved course offerings with related faculty appointments (reflecting program growth and market demand), debt service obligations, utilities and other contractual obligations.
 - c. A 3% salary increase for represented faculty.
 - d. Projected annual savings from various budget reductions of \$3.3 million.
2. Increased student financial aid funding of \$1.7 million, a 7.0% increase, including continuation of the student full aid guarantee and economic hardship fund.

FY2013 Outlook:

In FY2013, the Governor is expected to propose a higher education funding model based on certain yet to be decided outcome measures. Further information on the proposed model is expected later this calendar year.

3. **Previous Board Action:** On July 20, 2010 the Board approved the FY2011 General Fund budget and tuition rates.

4. **Budget Implications:** Approval of the FY2012 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2011 provides the needed authorization for assessing students and expending University resources for instructional, programmatic and operating needs.

5. **Educational Implications:** Provides General Fund budget for academic programming.

6. **Personnel Implications:** Provides General Fund budget for personnel.

7. **University Reviews/Approvals:** The FY2012 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2011 were developed by the Budget and Financial Planning Office, with input from the Executive Council, and reviewed by the Vice President for Finance and Administration, and President. Budget development strategies and assumptions were reviewed with the Senate Budget Review Committee and Student Leadership.

8. Recommendation:

WHEREAS, the FY2012 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2011 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2012 General Fund Budget at an expenditure level of \$199,357,609 (see Attachment B for detail) and approved encumbrances and carry-forwards from the June 30, 2011 fund balance; and, be it further

General Fund Budget and Tuition Rates for FY2012
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 4


RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2011 (see Attachment C for detail); and, be it further

RESOLVED, that the Board of Trustees approves the spending of General Fund revenues generated from enrollment in excess of that budgeted to adequately cover the instructional, programmatic and operating expenditures necessary to support higher than budgeted enrollment levels.

9. Attachments:

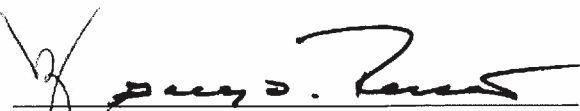
- A. FY2012 General Fund Budget Briefing
- B. FY2012 Proposed General Fund Budget
- C. Schedule of Tuition Rates Effective Fall Semester 2011

Submitted to the President
on 6/2, 2011 by



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

Recommended on 6/3, 2011
to the Board of Trustees for approval by



Gary D. Russi
President



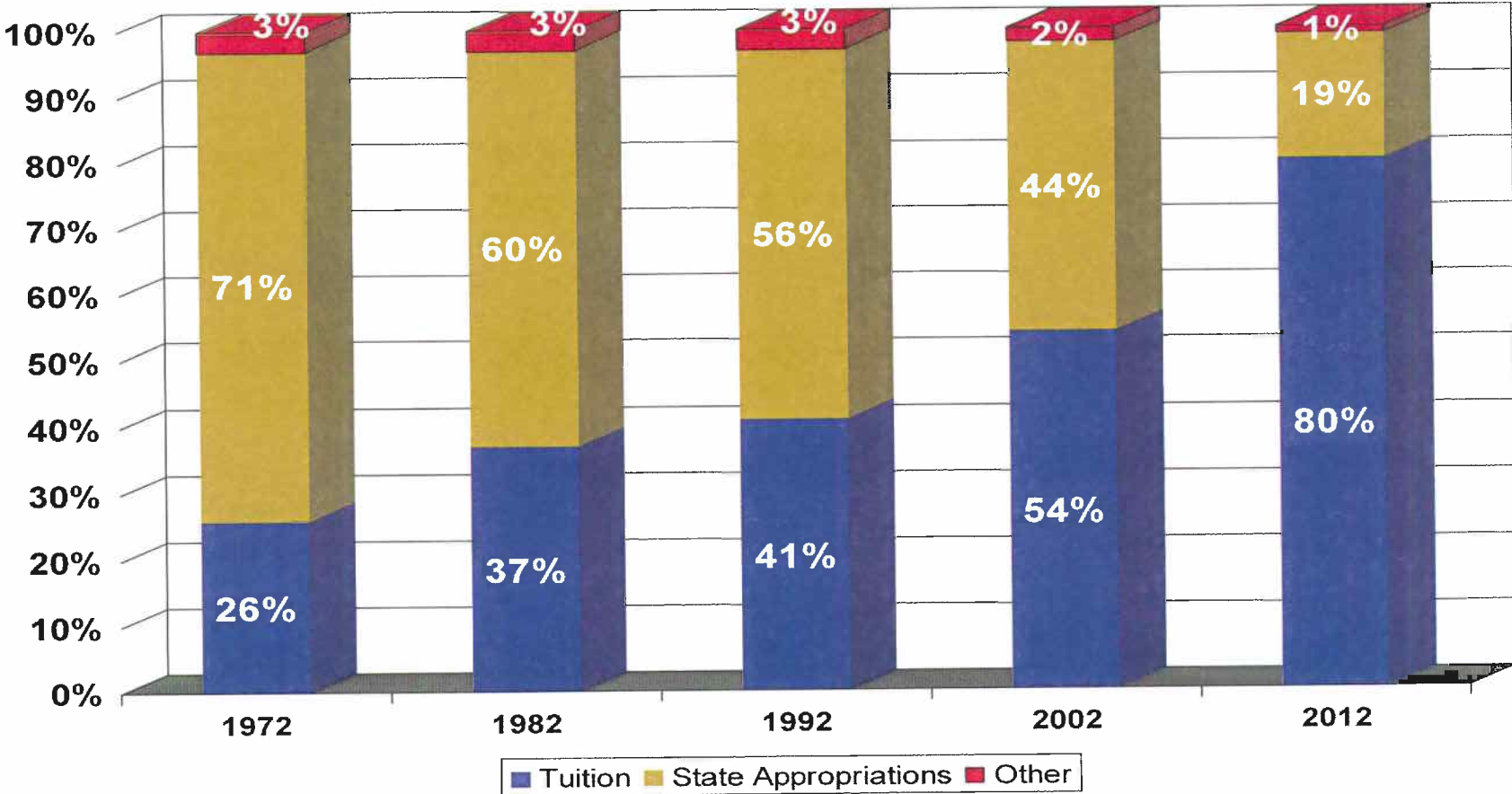
**FY2012 General Fund
Budget Briefing
June 8, 2011**



General Fund
Funding Model



Oakland University Funding Model



Comparison of general fund revenue sources FY1972 to FY2012



State Appropriations



State Funding Per School

<u>Universities</u>	<u>FY2012</u> <u>Appropriation</u>
UM-Ann Arbor	\$ 268,803,300
Michigan State	241,120,800
Wayne State	182,036,900
Western	93,168,300
Central	68,108,900
Eastern	64,619,100
Grand Valley	52,677,400
Oakland	43,145,000
Ferris	41,324,300
Michigan Tech	40,733,600
Northern	38,367,400
Saginaw Valley	23,561,500
UM-Dearborn	21,016,300
UM-Flint	17,762,400
Lake Superior	10,789,500

Oakland University

State Appropriations, FY2001 – FY2012

<u>Fiscal Year</u>	<u>Appropriation</u>
2001	\$52,950,476
2002	52,384,700
2003	50,551,147
2004	46,633,500
2005	47,261,300
2006	51,530,500
2007	46,613,614
2008	51,932,900
2009	52,452,200
2010	52,220,800
2011	50,690,700
2012	43,145,000

Source: Audited Financial Statements, FY2012 State Budget

FY2012 Appropriation per FYES

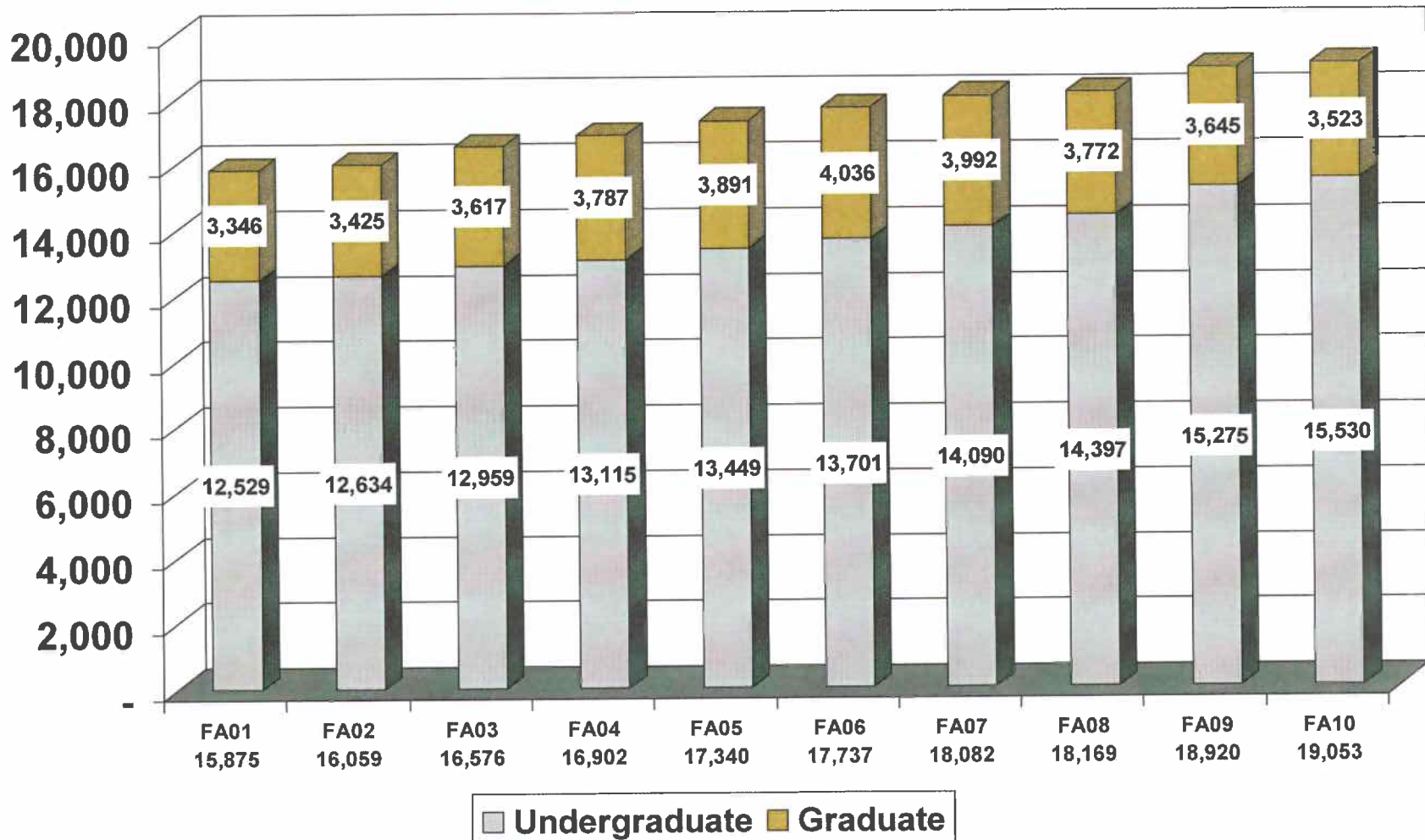
Wayne State University	\$ 7,225
University of Michigan Ann Arbor	6,399
Michigan Technological University	6,125
Michigan State University	5,461
Lake Superior State University	4,707
Northern Michigan University	4,468
Western Michigan University	4,269
Eastern Michigan University	3,521
Ferris State University	3,505
University of Michigan Dearborn	3,223
Central Michigan University	3,112
University of Michigan Flint	2,788
Oakland University	2,719
Saginaw Valley State University	2,665
Grand Valley State University	2,365
<i>Average</i>	<i>\$ 4,170</i>



Enrollment/Tuition Management



10-Year Enrollment Growth, Fall 2001 – Fall 2010



Source: Institutional Research

FY2011 Undergraduate Tuition All-In Price per FYES

	<u>2011 Tuition & Mandatory Fees *</u>	<u>2011 Other Fees **</u>	<u>2011 All-In Price</u>
UMAA	\$ 12,590	\$ 1,607	\$ 14,198
MTU	12,017	1,771	13,788
MSU	11,722	422	12,144
WMU	9,435	1,510	10,945
UMD	9,515	981	10,497
FSU	10,080	375	10,455
WSU	9,732	621	10,353
CMU	10,065	253	10,318
GVSU	9,314	592	9,906
OU	9,716	-	9,716
EMU	8,377	1,227	9,604
LSSU	8,795	768	9,563
UMF	8,655	816	9,472
SVSU	7,308	1,732	9,040
NMU	7,864	351	8,215
<i>Average</i>	<i>\$ 9,679</i>	<i>\$ 868</i>	<i>\$ 10,547</i>

* Source: HEIDI. One year mandatory fees averaged over 4 years

** Source: Presidents Council Tuition and Fee Report and University Websites

FY2011 Total Undergraduate Revenue per FYES

	<u>2011 All-In Price</u>	<u>Appropriation Per FYES *</u>	<u>Total Revenue Per FYES</u>
UMAA	\$ 14,198	\$ 7,654	\$ 21,852
MTU	13,788	7,278	21,065
WSU	10,353	8,850	19,203
MSU	12,144	6,436	18,580
WMU	10,945	4,927	15,871
LSSU	9,563	5,316	14,879
FSU	10,455	4,168	14,622
UMD	10,497	3,924	14,420
CMU	10,318	3,722	14,040
EMU	9,604	4,323	13,927
NMU	8,215	5,363	13,578
OU	9,716	3,368	13,084
UMF	9,472	3,542	13,014
GVSU	9,906	2,867	12,773
SVSU	9,040	3,366	12,405
<i>Average</i>	<i>\$ 10,547</i>	<i>\$ 5,007</i>	<i>\$ 15,554</i>

Financial Aid Strategy – Average Net Tuition

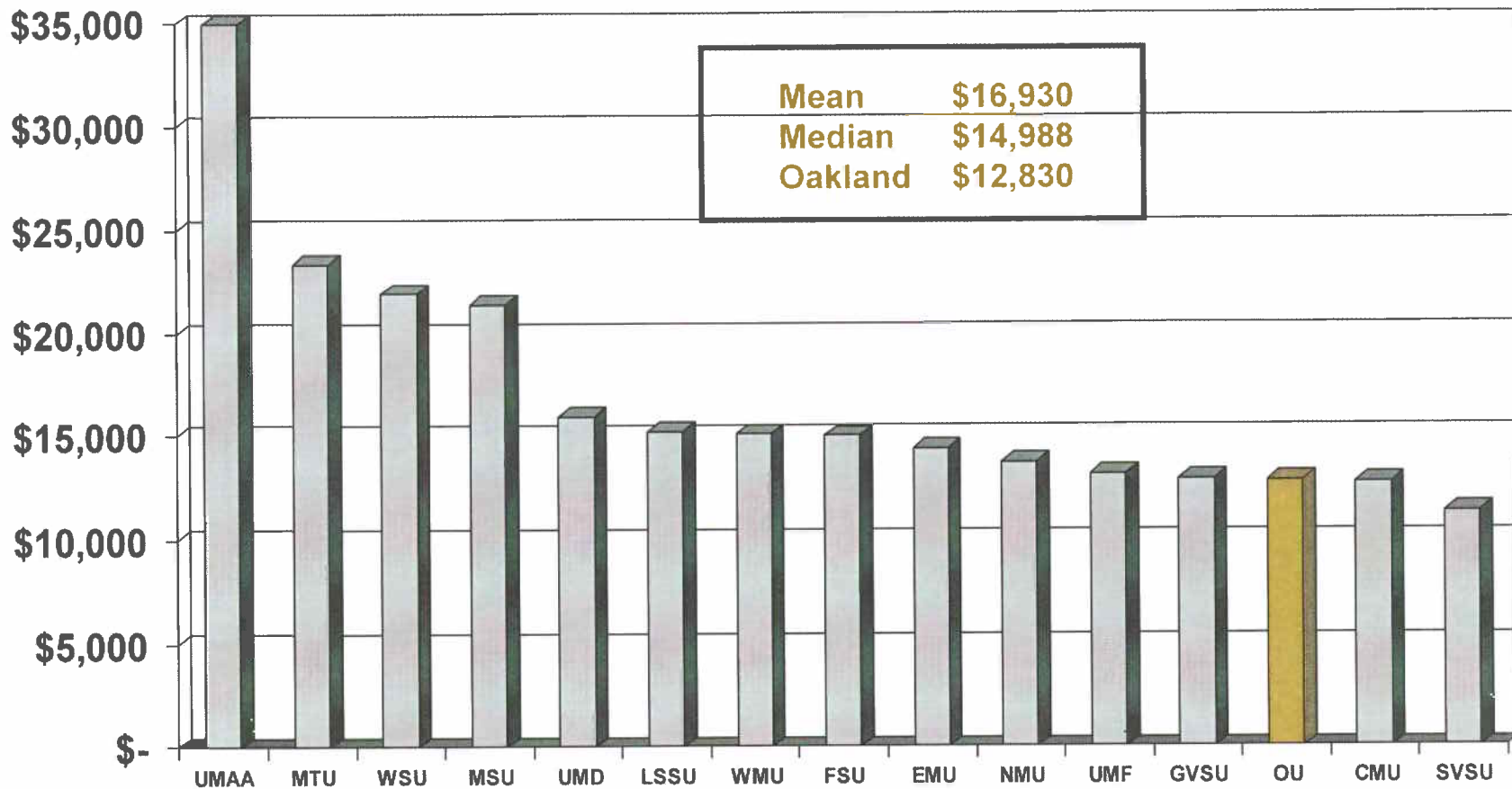
	<u>FY2011</u>
Average U/G Tuition Rate	\$ 9,716
Less:	
Average Need-based award	3,607
Average Merit-based award	1,987
Average net cost to financial aid student	<u>\$ 4,122</u>
Percent of full-time undergraduate students receiving gift financial aid	62%
Average financial aid based on all students that receive a financial aid award	



Cost Controls and Efficiency

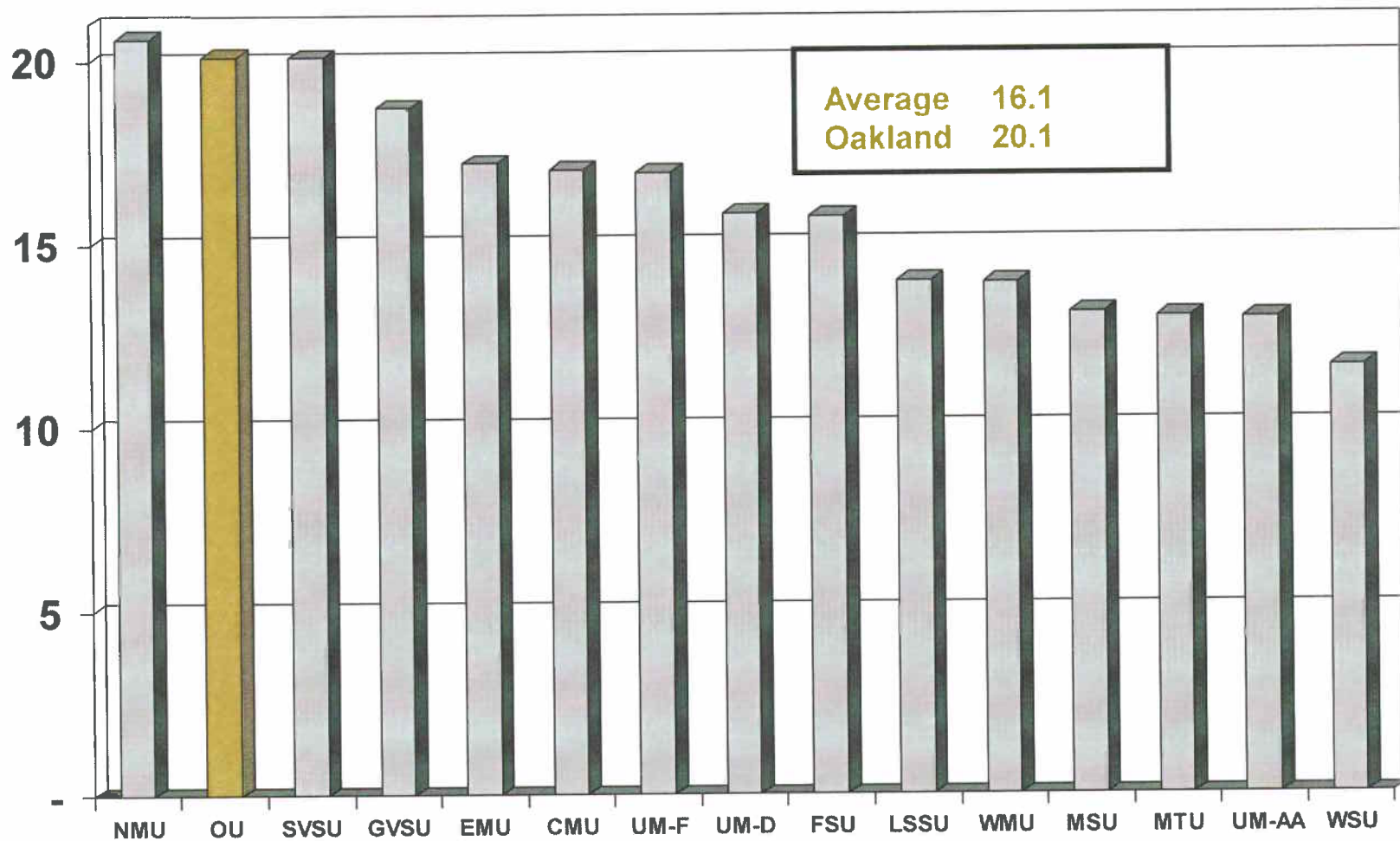


FY2010 General Fund Expenditures per FYES



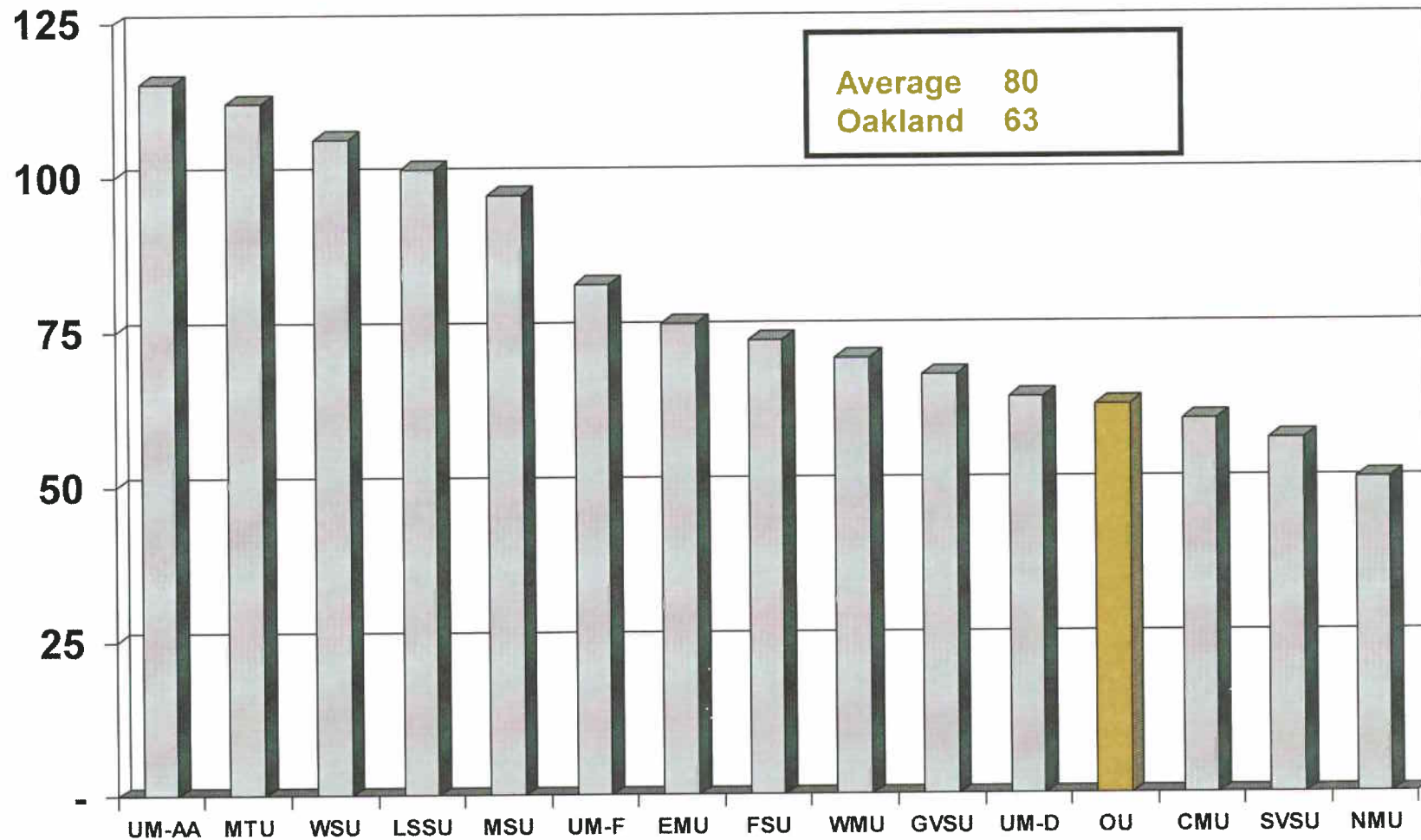
Source: HEIDI

FY2010 Michigan Universities FYES per Faculty FTE



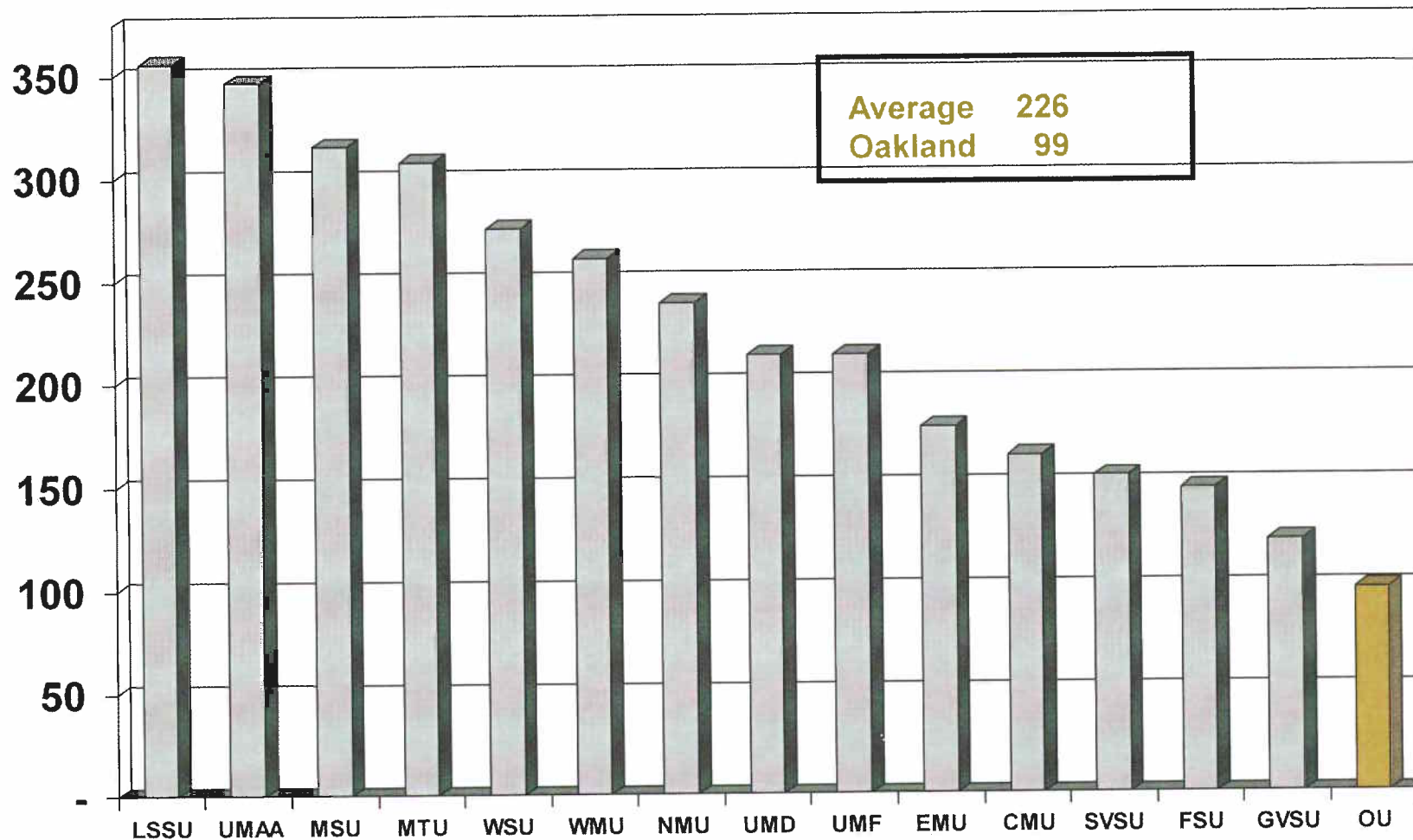
Source: HEIDI

FY2010 Michigan Universities Staff per 1,000 FYES



Source: HEIDI

FY2010 General Fund Building Sq. Ft. per FYES



Source: HEIDI

Lean – Cost Containment and Budget Reductions FY03-11

Cost Containment	Permanent	One Time	Total
Benefit and Employment Changes	\$ 5,000,546	\$ 175,790	\$ 5,176,336
Re-organizations	1,476,280	286,910	1,763,190
Outsourcing and Partnerships	4,739,196	1,624,258	6,363,454
Process Re-engineering	1,084,066	717,167	1,801,233
Technology and Telecommunications	854,618	830,417	1,685,035
Utilities/Energy Conservation	1,915,450	9,193	1,924,643
Other Initiatives	952,360	1,287,549	2,239,909
Total Cost Containment	\$ 16,022,516	\$ 4,931,284	\$ 20,953,800
Budget Reductions			
Faculty			
Salaries	\$ 1,176,682	\$ 595,320	\$ 1,772,002
Non Faculty Salaries	1,578,074	284,338	1,862,412
Fringe Benefits	1,171,302	238,671	1,409,973
Operational Costs	2,486,389	4,507,671	6,994,060
Other	4,252,000	4,764,400	9,016,400
Total Budget Reductions	\$ 10,664,447	\$ 10,390,400	\$ 21,054,847
Total Cost Containment and Budget Reductions	\$ 26,686,963	\$ 15,321,684	\$ 42,008,647

* Limited technology and other strategic initiatives, delayed hiring, departmental spending restraint, postponed classroom renovations and deferred maintenance projects, reduced year-end encumbrances, carry-forwards, contingencies and reserves.

Affordability/Retention Strategies

- Board Endorsed Enrollment Growth
- Cost Containment / Lean Initiatives
- Community College Initiatives
- Competitive Pricing
- No Fees
- Continuation of Student Full Aid Guarantee
- Economic Hardship Fund
- Merit Scholarships
- Summer Campus Corps
- Alumni-Admissions Ambassador Program

FY2012 Budget Assumptions

- 15% State Funding Decrease
- 1.5% Enrollment Increase over FY2011 budget
- Aggressive Financial Aid Strategy
 - Student Full Aid Guarantee
 - Economic Hardship Fund
 - 7% Increase in Institutional Aid
- \$3.3 Million Strategic Budget Reductions
- 3% Faculty Salary Increase
- Continued Healthy Living Benefit Savings
- Lean Practice Redesign Savings

FY2012 Budget Assumptions

- Program Improvements
 - Teaching and Learning Center
 - Library Collections
 - Writing Center
 - Student Advisors
 - Mt. Clemens Anton / Frankel Center
 - Certified Nurse Anesthetist Program
- Operating Needs Funded (e.g. software licenses, utilities)
- Continued Pricing Transparency (no fees)
- Undergraduate Tuition Rate Below State Average (“all-in”)

FY2012 Budget Summary

- Expense Budget \$199,357,609 (3.8%)
- Financial Aid \$25,610,715 (7%)
- Graduate Tuition \$13,878 (7%)
- Undergraduate Tuition \$10,399 (7%)

**Oakland University
Fiscal Year 2012
Proposed General Fund Budget**

Category	FY 2011 Budget	FY 2012 Projected Budget	Amount Change	% Change
State Appropriation - Base	\$ 50,583,700	\$ 43,145,000	\$ (7,438,700)	-14.71%
Student Tuition	163,224,097	179,693,606	16,469,509	10.09%
Financial Aid Offset	(23,924,702)	(25,610,715)	(1,686,013)	7.05% (1)
Net Tuition & Fees Revenue	\$ 139,299,395	\$ 154,082,891	\$ 14,783,496	10.61%
Indirect Cost Recovery	1,800,000	1,800,000	0	0.00%
Miscellaneous Income	329,718	329,718	0	0.00%
Encumbrances	8,490,440	0	(8,490,440)	-100.00% (2)
Total Funding Sources	\$ 200,503,253	\$ 199,357,609	(\$ 1,145,644)	-0.57%
Less: Budgeted Expenditures	\$ 200,503,253	\$ 199,357,609	(\$ 1,145,644)	-0.57%
Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	
FYES Enrollment	15,969	16,209	240	1.50%

Notes:

1) The university has adopted financial statement presentation changes as recommended by GASB 34 and 35 and NACUBO principles for financial statement presentation. As a result, institutional financial aid is shown as an offset to revenues.

2) The projected budget does not include any encumbrances and carryforwards. Encumbrances and carryforwards as of June 30 will be added to the budgeted expenditure base for the following fiscal year as a one time allocation.

Oakland University
General Fund Budgeted Expenditures
Fiscal Year 2011 vs. 2012

	FY 2011 Adjusted Total Budget	FY 2011 Enc. / Carryforward	FY 2011 Adjusted Base Budget	FY 2012 Budget Changes	FY 2012 Budget
School of Medicine	\$ 150,000	\$ 0	\$ 150,000	\$ 2,138,000	\$ 2,288,000
College of Arts & Sciences	34,374,058	(569,822)	33,804,236	1,124,263	34,928,499
School of Business Administration	12,431,907	(79,929)	12,351,978	585,542	12,937,520
School of Education and Human Services	8,724,398	(60,504)	8,663,894	267,038	8,930,932
School of Engineering and Computer Science	9,027,171	(266,128)	8,761,043	284,841	9,045,884
School of Health Sciences	3,897,958	(134,138)	3,763,820	132,857	3,896,677
School of Nursing	4,315,208	(86,948)	4,228,260	511,864	4,740,124
Kresge Library	5,249,173	(101,513)	5,147,660	159,780	5,307,440
Instructional and Information Technology	7,383,490	(929,174)	6,454,316	163,472	6,617,788
Academic Affairs - Other	38,854,599	(2,825,702)	36,028,897	3,377,801	39,406,698
Finance & Administration	21,871,946	(824,690)	21,047,256	(221,095)	20,826,161
Student Affairs	16,181,733	(573,109)	15,608,624	661,331	16,269,955
University Relations	3,847,562	(619,103)	3,228,459	27,643	3,256,102
President	12,119,423	(1,419,680)	10,699,743	(521,244)	10,178,499
General	22,074,627	0	22,074,627	(1,347,297)	20,727,330
Total	\$ 200,503,253	(\$ 8,490,440)	\$ 192,012,813	\$ 7,344,796	\$ 199,357,609

School of Medicine

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	1,098,033	0	1,427,467	2,525,500
Part-Time Faculty	0	0	0	0
All Other Staff	2,427,569	0	1,118,713	3,546,282
Operating Budget	(4,866,559)	0	(1,781,863)	(6,648,422)
Fringe Benefits	1,490,957	0	1,373,683	2,864,640
Total	150,000	0	2,138,000	2,288,000

Explanation of Major Changes:

1,615,255	Admin. Compensation
104,874	Clerical Compensation
286,127	Compensation Adjustments
1,913,607	Faculty Compensation
50,000	O'Dowd Hall 2nd Floor Lounge / Breakroom Expansion
342,000	One-time Budget - Anatomy Lab Expansion
143,000	One-time Budget - Cardiac Patient Simulators
120,000	One-time Budget - Lab Models
252,000	One-time Budget - Physiology Lab
200,000	One-time Budget - Simulation Trainers
3,136,295	Operating Adjustment
(6,025,158)	Operating support
2,138,000	Total Budget Changes

College of Arts & Sciences

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	15,939,014	0	478,151	16,417,165
Part-Time Faculty	4,424,296	0	132,729	4,557,025
All Other Staff	3,112,096	0	119,386	3,231,482
Operating Budget	2,109,098	(569,822)	88,000	1,627,276
Fringe Benefits	8,789,554	0	305,997	9,095,551
Total	34,374,058	(569,822)	1,124,263	34,928,499

Explanation of Major Changes:

974,263	Compensation Adjustments
88,000	OU Orchestra Support
62,000	Writing Center - Asst. Director
<u>1,124,263</u>	<u>Total Budget Changes</u>

School of Business Administration

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	6,624,279	0	203,578	6,827,857
Part-Time Faculty	402,768	0	34,599	437,367
All Other Staff	1,127,643	0	75,343	1,202,986
Operating Budget	819,428	(79,929)	118,493	857,992
Fringe Benefits	3,457,789	0	153,529	3,611,318
Total	12,431,907	(79,929)	585,542	12,937,520

Explanation of Major Changes:

370,063	Compensation Adjustments
(17,856)	Move Funding to Fin Aid (Macc and FIS Programs)
233,335	SBA-Exec MBA Health Care Mgmt Prog
<u>585,542</u>	<u>Total Budget Changes</u>

School of Education and Human Services

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	3,991,005	0	119,731	4,110,736
Part-Time Faculty	543,212	0	16,296	559,508
All Other Staff	1,248,326	0	32,256	1,280,582
Operating Budget	558,341	(60,504)	0	497,837
Fringe Benefits	2,383,514	0	98,755	2,482,269
Total	8,724,398	(60,504)	267,038	8,930,932

Explanation of Major Changes:

267,038	Compensation Adjustments
267,038	Total Budget Changes

School of Engineering and Computer Science

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	4,444,381	0	133,331	4,577,712
Part-Time Faculty	176,313	0	5,289	181,602
All Other Staff	1,170,677	0	30,648	1,201,325
Operating Budget	804,948	(266,128)	0	538,820
Fringe Benefits	2,430,852	0	115,573	2,546,425
Total	9,027,171	(266,128)	284,841	9,045,884

Explanation of Major Changes:

284,841	Compensation Adjustments
284,841	Total Budget Changes

School of Health Sciences

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	1,488,675	0	44,660	1,533,335
Part-Time Faculty	403,066	0	12,092	415,158
All Other Staff	620,869	0	16,572	637,441
Operating Budget	456,746	(134,138)	0	322,608
Fringe Benefits	928,602	0	59,533	988,135
Total	3,897,958	(134,138)	132,857	3,896,677

Explanation of Major Changes:

132,857	Compensation Adjustments
<u>132,857</u>	<u>Total Budget Changes</u>

School of Nursing

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	1,660,295	0	49,809	1,710,104
Part-Time Faculty	285,335	0	8,560	293,895
All Other Staff	900,802	0	25,243	926,045
Operating Budget	290,171	(86,948)	392,987	596,210
Fringe Benefits	1,178,605	0	35,265	1,213,870
Total	4,315,208	(86,948)	511,864	4,740,124

Explanation of Major Changes:

392,987	Certified Nurse Anesthetist Program
118,877	Compensation Adjustments
<u>511,864</u>	<u>Total Budget Changes</u>

Kresge Library

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	773,448	0	23,203	796,651
Part-Time Faculty	56,325	0	1,690	58,015
All Other Staff	1,129,479	0	27,272	1,156,751
Operating Budget	2,414,874	(101,513)	65,671	2,379,032
Fringe Benefits	875,047	0	41,944	916,991
Total	5,249,173	(101,513)	159,780	5,307,440

Explanation of Major Changes:

94,109	Compensation Adjustments
65,671	Library Collections
159,780	Total Budget Changes

Instructional and Information Technology

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	35,179	0	1,055	36,234
All Other Staff	3,189,382	0	88,944	3,278,326
Operating Budget	2,706,159	(929,174)	8,358	1,785,343
Fringe Benefits	1,452,770	0	65,115	1,517,885
Total	7,383,490	(929,174)	163,472	6,617,788

Explanation of Major Changes:

155,114	Compensation Adjustments
8,358	MERIT Connection - Mt. Clemens
163,472	Total Budget Changes

Academic Affairs - Other

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	3,080,281	0	92,960	3,173,241
Part-Time Faculty	4,973,664	0	716,273	5,689,937
All Other Staff	6,298,310	0	373,941	6,672,251
Operating Budget	20,345,555	(2,825,702)	1,980,379	19,500,232
Fringe Benefits	4,156,789	0	214,248	4,371,037
Total	38,854,599	(2,825,702)	3,377,801	39,406,698

Explanation of Major Changes:

(510,000)	Budget Reduction - Off-campus Program Cost Containment
(30,074)	Budget Reduction - Operating Budgets
(100,000)	Budget Reduction - VPAA Contingency
2,571,339	CE and Incentive programs
406,666	Compensation Adjustments
10,000	Faculty Research
10,000	Faculty Travel
165,550	Graduate Education Staffing
642,600	Part-time faculty
211,720	Teaching and Learning Center
<u>3,377,801</u>	<u>Total Budget Changes</u>

Finance & Administration

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	0	0	0	0
All Other Staff	11,542,016	0	344,857	11,886,873
Operating Budget	4,644,183	(824,690)	(810,199)	3,009,294
Fringe Benefits	5,685,747	0	244,247	5,929,994
Total	21,871,946	(824,690)	(221,095)	20,826,161

Explanation of Major Changes:

(814,690)	Budget Reduction - Miscellaneous Budget Reductions TBD
(3,763)	Budget Reduction - Operating Budgets
485,112	Compensation Adjustments
103,992	Project Manager - Engineering Center
8,254	Support Allocation - Roads, Walks, Parking Lots
<u>(221,095)</u>	<u>Total Budget Changes</u>

Student Affairs

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	3,500	0	0	3,500
All Other Staff	5,419,275	0	391,964	5,811,239
Operating Budget	8,321,307	(573,109)	40,770	7,788,968
Fringe Benefits	2,437,651	0	228,597	2,666,248
Total	16,181,733	(573,109)	661,331	16,269,955

Explanation of Major Changes:

(182,582)	Budget Reduction - Campus Rec. Support Return
(7,351)	Budget Reduction - Operating Budgets
240,869	Compensation Adjustments
63,342	Faculty Advising - Transfer Students
475,520	Freshman Class Support
32,700	Support Allocation - Campus Recreation
6,958	Support Allocation - Graham Health Center
20,644	Support Allocation - Oakland Center
11,231	Support Allocation - Student Government/Programs
661,331	Total Budget Changes

University Relations

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	0	0	0	0
All Other Staff	1,981,276	0	56,536	2,037,812
Operating Budget	914,770	(619,103)	(64,069)	231,598
Fringe Benefits	951,516	0	35,176	986,692
Total	3,847,562	(619,103)	27,643	3,256,102

Explanation of Major Changes:

(2,758)	Budget Reduction - Operating Budgets
(61,311)	Budget Reduction - Reorganization
91,712	Compensation Adjustments
27,643	Total Budget Changes

President

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	0	0	0	0
All Other Staff	5,674,265	0	167,031	5,841,296
Operating Budget	3,862,177	(1,419,680)	(795,582)	1,646,915
Fringe Benefits	2,582,981	0	107,307	2,690,288
Total	12,119,423	(1,419,680)	(521,244)	10,178,499

Explanation of Major Changes:

(59,011)	Budget Reduction - Athletics
(100,000)	Budget Reduction - Contingency Fund
(229,851)	Budget Reduction - Early Retirements
(14,250)	Budget Reduction - Freeze President's Salary
(6,637)	Budget Reduction - Operating Budgets
(446,560)	Budget Reduction - Reorganizations
(100,000)	Budget Reduction - Technology Improvement Fund
(100,000)	Budget Reduction - University Strategic Planning Fund
274,338	Compensation Adjustments
243,800	Mt. Clemens Operating
16,927	Support Allocation - Athletics
<u>(521,244)</u>	<u>Total Budget Changes</u>

General

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	0	0	0	0
All Other Staff	(882,000)	0	0	(882,000)
Operating Budget	17,325,353	0	(1,281,411)	16,043,942
Fringe Benefits	5,631,274	0	(65,886)	5,565,388
Total	22,074,627	0	(1,347,297)	20,727,330

Explanation of Major Changes:

(42,777)	Administrative Charges
11,421	Bank Card Service Fee
(50,000)	Budget Reduction - Insurance
(1,360)	Budget Reduction - Other
112,672	Budget Reduction - Student Activity Alloc. Increase
(360,000)	Budget Reduction - Utilities
(65,886)	Compensation Adjustments
449,485	Debt Service
(1,233,423)	FY2011 1% Net Tuition Contingency
(177,600)	FY2011 Excess Appropriation (Utilize Reserved Amount)
10,171	Support Allocation - Parking Reserve
(1,347,297)	Total Budget Changes

AA - Financial Aid

Budget Line Items	FY 2011 Budget	FY 2011 Enc. / Carryforward	FY 2012 Budget Changes	FY 2012 Budget
Salaries:				
Full-Time Faculty	0	0	0	0
Part-Time Faculty	0	0	0	0
All Other Staff	0	0	0	0
Operating Budget	23,924,702	0	1,686,013	25,610,715
Fringe Benefits	0	0	0	0
Total	23,924,702	0	1,686,013	25,610,715

Explanation of Major Changes:

1,686,013	Financial Aid Strategy
1,686,013	Total Budget Changes

**Oakland University
Schedule of Tuition Rates
Effective Fall Semester 2011**

Tuition Rate Per Credit Hour	Current Rate 2011	Proposed Rate 2012
Resident UG Lower	309.50	331.25
Resident UG Upper	338.25	362.00
Resident Grad	540.50	578.25
Resident Doctoral	540.50	578.25
Non Resident UG Lower	722.50	773.00
Non Resident UG Upper	774.50	828.75
Non Resident Grad	932.25	997.50
Non Resident Doctoral	932.25	997.50
Competency	50.00	50.00

Summary comparison of tuition rates:

A) Undergraduate Michigan resident student taking a full 15 credit hour load for two semesters (30 total credit hours):

1) Lower Division Tuition	9,285.00	9,937.50	
2) Upper Division Tuition	10,147.50	10,860.00	
Residential Undergraduate Average	9,716.25	10,398.75	7.0%

B) Graduate Michigan resident student taking a full 12 credit hour load for two semesters (24 total credit hours):

Graduate Tuition	12,972.00	13,878.00	7.0%
------------------	-----------	-----------	------

Lower / Upper division undergraduate students defined:

Lower Division - All non-matriculating (non-degree seeking) students, all O.U. freshman and sophomores with less than 56 credits.

Upper Division - Guest students from other colleges, all O.U. undergraduate students who have earned undergraduate degrees and who have been admitted to a second O.U. undergraduate degree program, all O.U. undergraduates with 56 or more undergraduate credits, and all students with post bachelor admission status.

**ARCHITECTURAL AND ENGINEERING FIRM FOR THE
ENGINEERING CENTER**

A Recommendation

1. **Division and Department:** Academic Affairs Division, School of Engineering and Computer Science, Finance and Administration Division, Facilities Management Department

2. **Introduction:** In December 2010, the Governor of the State of Michigan signed a Capital Outlay Appropriation, House Bill No. 5858, Public Act 329 of 2010, allocating a capital appropriation of \$30,000,000 for Oakland University (University) to build an Engineering Center at a total cost of \$74,551,739.

Since 2001, the Engineering Center has been submitted annually to the Office of the State Budget as the Board of Trustees' (Board) approved top priority capital outlay request. The most recent preliminary program statement for the Engineering Center, approved by the Board at its December 9, 2010 Formal Session, and submitted to the State, notes 127,333 gross square feet. The Engineering Center will be the new home for the School of Engineering and Computer Science (SECS) and general purpose classrooms.

The \$44,551,739 University match will be funded primarily from bond proceeds, upon approval by the Board, under a separate, future Board action. As with previous capital projects, the University will solicit private support and also attempt to identify and apply for external grants to further support the design and construction of the Engineering Center. Such grants, if available, would add value to the Engineering Center at no incremental cost to the University.

Board approval of an architectural and engineering firm (Firm) is necessary to proceed with project planning. The timing of Board approval is critical in order to meet State of Michigan funding deadlines, as noted in an April 1, 2011 State Budget Office letter (Attachment B) which states "Institutions that seek consideration of their projects in fiscal year 2013 must submit their draft planning documents to the State Budget Office for review no later than Friday, November 4, 2011."

Of the University's last nine major building projects (seven new buildings, one building expansion, one renovation), from 2000 to 2011, there have been eight different Firms used for design, each Firm selected on the merits of its proposal via a competitive bid process.

Eighteen (18) Firms responded to a widely distributed and advertised Request for Qualifications (RFQ). The RFQ submissions were reviewed and evaluated by the University's Facilities Management and Purchasing Departments, resulting in five Firms (Albert Kahn, Harley Ellis Deveroux, Lord Aeck Sargent, SmithGroup, and TMP Architecture) being selected to participate in a Request for Proposals (RFP) process.

Based on the project development process that was used for the most recent capital outlay project, the Human Health Building, an Engineering Center Oversight Committee (Committee) was established, consisting of academic, finance, facilities, and purchasing members:

**Architectural and Engineering Firm for the Engineering Center
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 2**

Virinder K. Moudgil, Senior Vice President for Academic Affairs and Provost
Louay M. Chamra, Dean, School of Engineering and Computer Science
John W. Beaghan, Vice President for Finance and Administration
Terry Stollsteimer, Associate Vice President for Facilities Management
Steve L. Zmich, Director, Capital Planning and Design
Susan Riley, Senior Project Manager
Maria Ebner-Smith, Purchasing Manager

The Committee's responsibility was to review the RFP submissions from the five Firms and finalize a recommendation to the Board. The three lowest cost Firms (as determined by a thorough review of pricing proposals, with adjustments made for comparability) were interviewed by the Committee (Albert Kahn, Lord Aeck Sargent, and SmithGroup). After impressive and innovative interviews, the Committee requested a second interview with Albert Kahn and SmithGroup to clarify scope, budget and experience.

Prior to the second interviews, references were checked on the two finalists, with calls to the University of Michigan, Ferris State University, Michigan State University, Central Michigan University, and Western Michigan University; there were no concerns with either Firm.

Based on the proposals submitted, and first and second interviews, the Committee unanimously concluded that SmithGroup had more relative experience with this type of academic facility, had a higher level of laboratory design expertise, and had presented a concept that could be attained within the project budget parameters. In the April 2011 Architect Magazine, SmithGroup is ranked number two of the top fifty architectural firms in the nation.

Recent SmithGroup related projects:

- a. Science and Technology Facility National Renewable Energy Laboratory, Golden Colorado
- b. University of Michigan, Solid State and Electronic Laboratory Addition and Lurie Nanofabrication Lab, Ann Arbor Michigan
- c. University of Illinois, Electrical and Computer Engineering Building, Champaign Illinois
- d. University of Maryland, Engineering Building, College Park Maryland
- e. Colorado School of Mines Brown Hall Addition/Remodel, Golden Colorado
- f. Michigan State University, University Plant Sciences Expansion, East Lansing Michigan
- g. Oregon State University, College of Engineering, Corvallis Oregon

Based on its exhaustive review and evaluation process, the Committee recommended to the Board's Finance, Audit and Investment Committee that SmithGroup be engaged to provide architectural and engineering services for the Engineering Center project.

The Committee now unanimously recommends to the Board that SmithGroup be engaged to provide architectural and engineering services for the Engineering Center project. The base fee is \$2,545,300, and includes schematic design, design development, construction documents, bidding, construction administration, site selection/master planning, pathway design for telecommunications, basic and enhanced commissioning, management of the State of Michigan Department of

Management and Budget approval process, and reimbursable expenses. An additional \$100,000 is needed for owner's contingencies.

Consistent with Board policy, the schematic design for the Engineering Center will be presented to the Board for approval prior to proceeding with construction.

3. **Previous Board Action:** On December 9, 2010, the Board approved the Fiscal Year 2012 Capital Outlay Project Request which included the Engineering Center as the University's top priority capital outlay request.

4. **Budget Implications:** Architectural and engineering fees are budgeted in the Engineering Center project budget. The proposed contract and contingencies are within budget. Beginning in FY2015, upon Board approval, debt service on the Engineering Center project will be budgeted in the General Fund.

5. **Educational Implications:** The Engineering Center will be the new home for the School of Engineering and Computer Science, as well as general purpose classrooms.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** This recommendation was formulated by the Associate Vice President for Facilities Management and reviewed by the Engineering Center Oversight Committee, President, and Finance, Audit and Investment Committee.

8. **Recommendation:**

RESOLVED, that the Board of Trustees authorize the Vice President for Finance and Administration to negotiate and execute contracts with SmithGroup, Inc. for architectural and engineering services for the Engineering Center; and, be it further

RESOLVED, that the total cost for all architectural and engineering services for the Engineering Center will not exceed \$2,645,300, plus the total amount of any grant funding that may become available at no incremental cost to the University; and, be it further

RESOLVED, that the contract have appropriate language to protect the University in the event the University suspends the project; and, be it further

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


RESOLVED, that consistent with Board of Trustees policy, the schematic design will be presented to the Board of Trustees for approval prior to proceeding with construction; and, be it further

Architectural and Engineering Firm for the Engineering Center
Oakland University
Board of Trustees Formal Session
June 8, 2011
Page 4


RESOLVED, that the total cost for the Engineering Center shall not exceed \$74,551,239 plus the total amount of any grant funding that may become available, at no incremental cost to the University.

9. **Attachments:** A. Summary of Proposals
B. April 1, 2011 letter from the State Budget Office

Submitted to the President
on 6/3, 2011 by

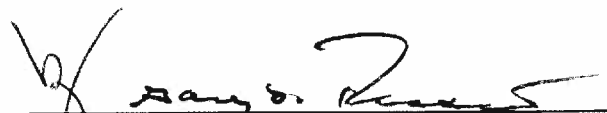


John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees



Virinder K. Moudgil
Senior Vice President for Academic Affairs
and Provost

Recommended on 6/3, 2011
to the Board of Trustees for Approval



Gary D. Russi
President

ATTACHMENT A

Architectural and Engineering Firm for the Engineering Center

Summary of Proposals

SmithGroup	\$2,545,300
Albert Kahn	\$2,569,300
Lord Aeck Sargent	\$2,767,500
TMP Architecture	\$2,950,000
Harley Ellis Devereaux	\$3,035,800



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN E. NIXON, CPA
DIRECTOR

April 1, 2011

Dr. Gary Russi, President
Oakland University
204 Wilson Hall
Rochester, Michigan 48309

Dear President Russi:

A fiscal year 2011 appropriations act, Public Act 329 of 2010, was enacted at the conclusion of the prior legislative session that authorizes planning for twenty university and community college capital outlay projects. Your institution was included among those with a project authorized for planning.

The capital outlay process requires two specific authorizations – one for planning, and a second for construction. There is no guarantee that a project authorized for planning will subsequently be authorized for construction. Planning documents submitted to the State Budget Office will be carefully reviewed and evaluated, and the state's ability to participate in the cost of the project will be assessed relative to other budgetary needs.

Institutions may proceed with planning activities as authorized in Public Act 329 of 2010, however, the State Budget Office will only review planning documents and evaluate the state's ability to participate in the cost of projects in concert with the Fiscal Year 2013 Executive Budget Recommendation. Institutions that seek consideration of their projects in fiscal year 2013 must submit their draft planning documents to the State Budget Office for review no later than **Friday, November 4, 2011**. If your institution does not anticipate submission by this date, the plans may be presented at a later date for consideration in the Fiscal Year 2014 Executive Budget Recommendation.

Planning Process

Institutions electing to move forward with planning as authorized in Public Act 329 of 2010 are to follow the capital outlay process outlined in the Management and Budget Act (M.C.L. 18.1101 to 18.1594). The Management and Budget Act requires universities and community colleges to competitively select a design professional and develop project program statements and schematic plans with their own resources.

President Russi
April 1, 2011
Page 2

If the planning documents are recommended for approval with the Fiscal Year 2013 Executive Budget Recommendation, a request for construction authorization will be transmitted to the Legislature and the Joint Capital Outlay Subcommittee (JCOS). Approval of the construction authorization in an enacted appropriations act is required before a project is eligible to proceed to design development, bidding and any construction-related activity.

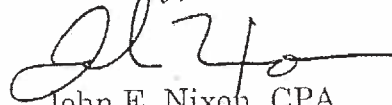
If a project is authorized for construction, universities and community colleges electing to self-manage construction must enter into a Project Management Agreement with the Department of Technology, Management and Budget (DTMB). DTMB oversight of projects is required to ensure they are constructed consistent with the approved scope outlined in the program statement and preliminary plans, and within authorized costs. Failure to follow requirements of the Management and Budget Act or the Project Management Agreement may jeopardize the state's ability to provide matching funds for capital outlay projects. Any alterations in project scope or cost once a project has been authorized for construction requires the approval of the State Budget Office and the Legislature.

In addition, the state share of project financing is provided through the issuance of long-term notes via the State Building Authority (SBA). Such financing requires that the project land and facility be conveyed by the university or community college to the SBA, with the state then entering into a lease with the SBA for the institution's use. Rental income paid by the state to the SBA is used to retire the long-term notes issued by the SBA. Once the SBA's debt obligation for a project is retired, the land and facility are conveyed back to the institution.

Summary documents with more detailed information regarding the capital outlay process and State Building Authority financing are attached. To assist with your planning efforts, the following provides a link to the DTMB website and the Major Project Design Manual: <http://www.michigan.gov/dmb> (search: Major Project Design).

Please feel free to contact Lisa Shoemaker, Capital Outlay Coordinator, at (517) 373-8883, if you have any questions regarding the capital outlay process or the development of your project.

Sincerely,



John E. Nixon, CPA
State Budget Director

President Russi
April 1, 2011
Page 3

Attachments

cc: Rep. Eileen Kowall, Chair, Joint Capital Outlay Subcommittee
Sen. Darwin Booher, Vice-Chair, Joint Capital Outlay Subcommittee
Senate Fiscal Agency
House Fiscal Agency
DTMB Design & Construction
State Building Authority
Office of Education and Infrastructure

State of Michigan Primary Contact Information:

Lisa Shoemaker
Capital Outlay Coordinator
Office of the State Budget
111 South Capitol Avenue
P.O. Box 30026
Lansing, Michigan 48909
(517) 335-7192 phone
(517) 241-5485 fax
shoemakerl@michigan.gov

Questions Relating to: Appropriations Process, Capital Outlay Process, Program Statement & Schematic Plan Reviews, JCOS, Project Management Agreement, etc.

Robert Hall, Director
Design & Construction Division
Facilities Administration
Department of Management & Budget
530 West Allegan Street
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-6311 phone
(517) 373-3562 fax
hallr5@michigan.gov

Questions Relating to: Major Project Design Manual, Project Management, Competitive Bidding, Procurement Policies, Prevailing Wage, Construction Documents, Change Orders, Monthly Reporting, etc.

Deborah Roberts, Executive Director
State Building Authority
Department of Management & Budget
320 South Walnut Street
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-3806 phone
(517) 335-1638 fax
robertsd1@michigan.gov

Questions Relating to: State Building Authority Financing, Project Cash Flow, Conveyances, Lease, Property Titles, Surveys, etc.

CAPITAL OUTLAY PROCESS
UNIVERSITY (U) and COMMUNITY COLLEGE (CC) PROJECTS

I. Program and Planning Phase (for projects authorized for planning only):

- A. Legislature authorizes planning for a U/CC project in an appropriation bill. U/CC competitively selects a design professional. Planning is done by U/CC at U/CC expense.
- B. U/CC submits draft Program Statement and Schematic Planning documents to the State Budget Office (SBO) consistent with the Department of Technology, Management and Budget's (DTMB) *Major Project Design Manual* by date specified for consideration in the next year's Executive Budget Recommendation.
- C. If recommended for approval, the SBO will submit the Program Statement and Schematic Planning documents to the Legislature and the Joint Capital Outlay Subcommittee (JCOS), for review and approval.
- D. If approved, the Legislature will authorize the project for final design and construction as a line-item in an appropriation bill.

II. Design and Construction Phase (for projects authorized for final design and construction):

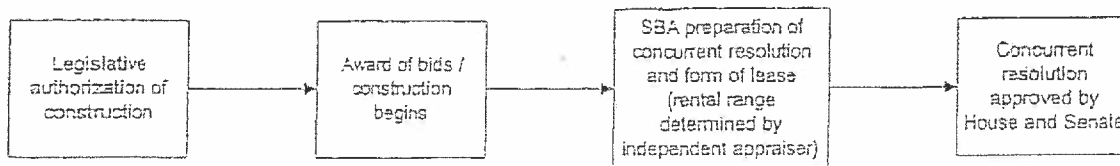
- A. U/CC notifies SBO/DTMB how they propose to manage the project, either: 1) through DTMB; or 2) self-managed by the U/CC.
- B. If self-managed by U/CC, SBO will forward a Project Management Agreement for signature outlining various oversight responsibilities, reviews, monthly reporting, etc. The Project Management Agreement must be executed in order to proceed with final design and construction.

IF MANAGED IS TO BE MANAGED BY DTMB, NO FURTHER ACTION OR SUBMITTALS ARE REQUIRED BY THE U/CC, OTHERWISE PROCEED TO STEP C.

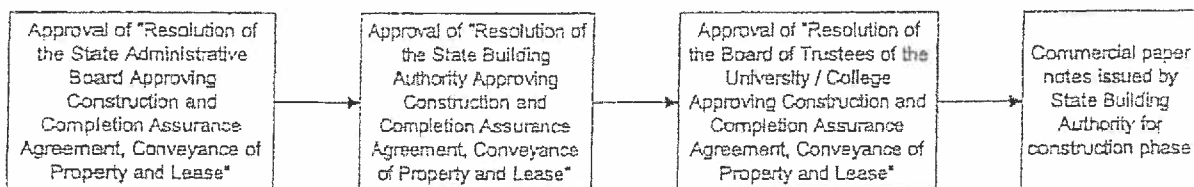
- C. U/CC signs and returns Project Management Agreement to SBO prior to submission of preliminary and final construction documents to DTMB and prior to construction.
- D. U/CC submits Preliminary Plans and updated budget sheet to DTMB for document review and approval.
- E. U/CC submits the final construction documents to DTMB for review. DTMB notifies U/CC of approval and authorizes bidding of the project. **If an accelerated/phased delivery of the project is anticipated, DTMB must be notified, and complete construction documents and bid results submitted for each phase, unless otherwise agreed to by DTMB.**
- F. U/CC submits bid results to DTMB for review and submission to JCOS. DTMB authorizes U/CC to award contract(s).
- G. U/CC starts construction and submits the following:
 - 1. Monthly Status Reports, including Change Orders, to DTMB as outlined in the Project Management Agreement.
 - 2. All project expenditures are submitted to DTMB on behalf of the State Building Authority (SBA), for review and approval. Please note that reimbursement by the SBA will not start until the U/CC share has been expended and all items above, as well as the requirements of the Project Management Agreement, have been completed, submitted and approved.
- H. Contact Lisa Shoemaker, SBO, at (517) 335-7192 regarding approvals of Program Statements and Schematic Plans and execution of Project Management Agreements.
- I. Contact Robert Hall, DTMB, at (517) 373-6311 regarding the format, review and approval of program/schematic plans, preliminary plans, bid results, final construction plans and monthly status reports. The formats for these documents are detailed in the *Major Project Design Manual*, available through DTMB and online at www.michigan.gov/dmb

State Building Authority Process Flowchart

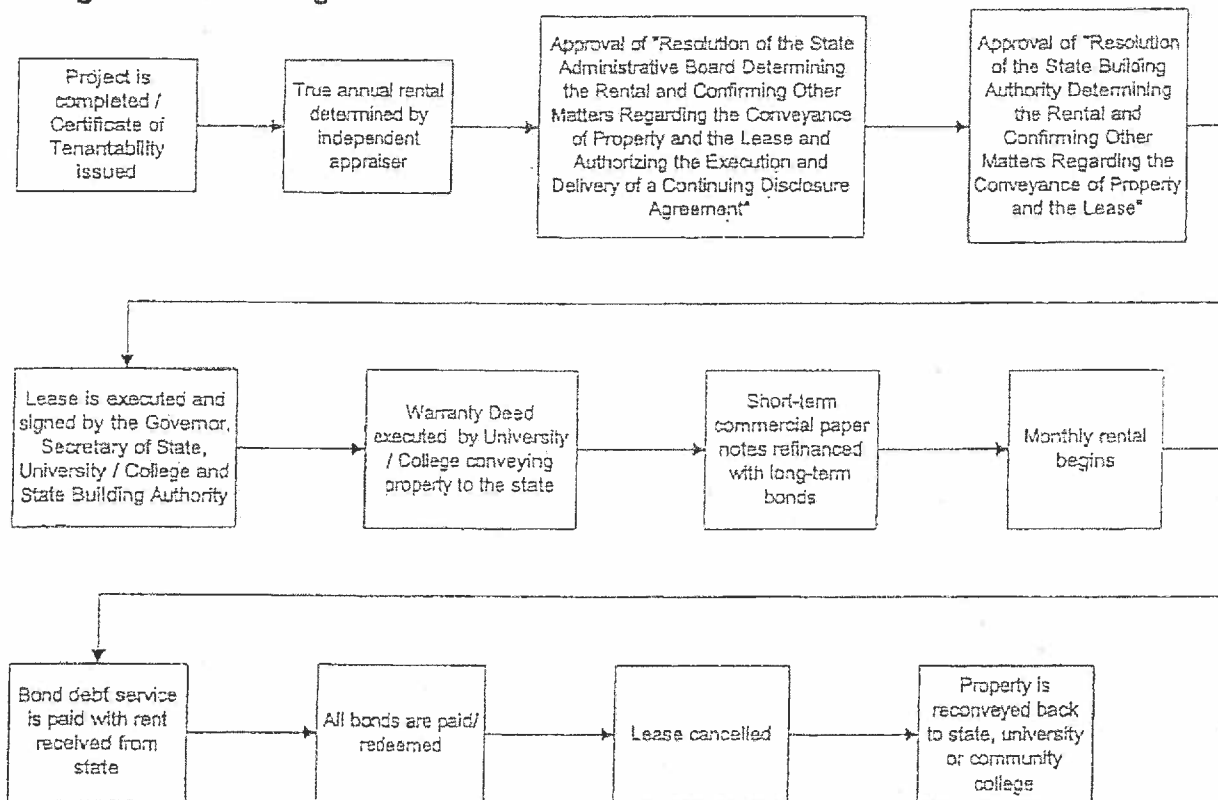
Project Authorization



Short-term Financing



Long-term Financing



Agendum
Oakland University
Board of Trustees
June 8, 2011

**RESOLUTION OF THE BOARD OF TRUSTEES OF
OAKLAND UNIVERSITY
APPROVING A CONSTRUCTION AND COMPLETION
ASSURANCE AGREEMENT, A CONVEYANCE OF
PROPERTY, A LEASE AND AN EASEMENT AGREEMENT,
IF NECESSARY, FOR THE OAKLAND UNIVERSITY
HUMAN HEALTH BUILDING**

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

2. **Introduction:** Construction of the Human Health Building (HHB) is underway. The \$64,561,200 million project cost will be financed by \$39,999,800 (62%) from the State Building Authority (SBA); \$21,748,100 (34%) from the University's proceeds from the General Revenue Bonds, Series 2009, that were issued on December 10, 2009; \$2,813,100 (4%) from two grants, one each from the U.S. Department of Energy (\$2,738,100) and the Kresge Foundation (\$75,000); and \$200 of State appropriations.

The SBA will fund its 62% of the HHB project cost by issuing commercial paper and bonds. The basic structure of the transaction with the SBA and State of Michigan (State) is identical to the transactions used for funding the construction of Pawley Hall, O'Dowd Hall, the Kresge Library Addition, the Science and Engineering Building and Elliott Hall, and is used for all SBA funded construction projects throughout the State. The structure of the transaction represents the most practical means for the State and the University to carry out their necessary governmental functions and provide necessary services to the people of the State at the lowest cost.

The University will transfer title to the HHB and the land on which it is cited to the SBA, the University will complete construction of the HHB on behalf of the SBA, the SBA will lease the HHB back to the University and the State will make the lease payments to the SBA on the University's behalf. The University will have the right to occupy and use the HHB and will assume all obligations for maintenance, repair and insurance. When the SBA's bonds are retired, the SBA will deed the property back to the University.

The operative legal documents necessary to complete the transaction include: (1) a Construction and Completion Assurance Agreement by which the Board licenses the SBA to construct the HHB and the SBA designates the University to manage and oversee the construction process; (2) a Warranty Deed conveying the HHB real property site to the SBA; (3) a Bill of Sale conveying personal property and fixtures integrated into the HHB to the SBA; (4) a Lease from the SBA to the University for the HHB that provides for rental payments to be made by the State and transfer of the HHB and property back to the University when the SBA's bonds are retired;

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 2**

(5) and if necessary an easement agreement for parking, pedestrian, utility line, party wall and encroachment that allows ingress, egress, and utility line maintenance; and (6) various certificates from the University's Vice President for Finance and Administration; Vice President for Legal Affairs and General Counsel; Secretary to the Board of Trustees; Risk Manager; and Architect.

All of the aforementioned legal documents were prepared on behalf of the SBA by Dickinson Wright, PLC and were reviewed and approved by the State's Office of the Attorney General.

3. Previous Board Action: In connection with the HHB, the Board approved a(n): (IRS) Reimbursement Resolution on October 30, 2008; the SmithGroup, Inc. Agreement for Architectural and Engineering Services on February 4, 2009; the schematic design on July 2, 2009; bond issuance not to exceed \$35 million on July 2, 2009; Christman Company as construction manager on November 9, 2009; and a contract amendment for architectural, engineering and construction management services on June 29, 2010.

4. Budget Implications: The University has spent nearly its entire share of the project cost to date, which is required to obtain release of the SBA's portion of the funds. The HHB project is within budget.

5. Educational Implications: The HHB will be the new home of the School of Health Sciences and the School of Nursing. The HHB will also have 10 general purpose classrooms that can be used by the University's College and other Schools.

6. Personnel Implications: None.

7. University Reviews/Approvals: All of the aforementioned legal documents have been reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel, and are in compliance with the SBA Act and other applicable laws and University policies and regulations, and conform to legal standards and policies of the Vice President for Legal Affairs and General Counsel.

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 3**

8. Recommendation:

A RESOLUTION of the Board of Trustees of Oakland University (i) approving (a) a form of construction and completion assurance agreement (the "Construction Agreement"), by and among the State Building Authority (the "Authority"), the State of Michigan (the "State") and Oakland University, a Michigan constitutional body corporate (the "Educational Institution"), providing for the rights, duties and obligations of the Authority, the State and the Educational Institution with respect to the Educational Institution's Human Health Building and the site therefor (the "Facility") during the construction, renovation and/or equipping of the Facility and prior to the conveyance of the Facility to the Authority, (b) the conveyance of the Facility to the Authority, (c) a lease (the "Lease"), by and among the Authority, the Educational Institution and the State, for the purpose of leasing the Facility to the State and the Educational Institution and (d) an easement agreement (the "Easement Agreement") between the Authority and the Educational Institution, if necessary in connection with the entering into of the Lease, and (ii) providing for other matters related thereto.

WHEREAS, the Authority has been incorporated under and pursuant to the provisions of Act No. 183, Public Acts of Michigan, 1964, as amended ("Act 183"), for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963 (the "State Constitution"), or any of its agencies; and

WHEREAS, the Educational Institution has been maintained and created pursuant to Sections 4 and 6 of Article 8 of the State Constitution; and

WHEREAS, the State and the Educational Institution desire that the Authority finance the acquisition, construction, renovation and/or equipping of the Facility in consideration of (i) the Educational Institution granting a license to the Authority to enter upon the site of the Facility (the "Site") in order to undertake such construction, renovation and/or equipping, (ii) the Educational Institution undertaking on behalf of the Authority the oversight of such construction, renovation and/or equipping and (iii) the Educational Institution conveying the Facility to the Authority on or prior to the date of its completion, and the Authority is willing to provide such financing in consideration of the items described above; and

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 4**

WHEREAS, in accordance with the Construction Agreement, the State and the Educational Institution desire that the Authority acquire the Facility on or prior to the date of its completion, and lease the same to the State and the Educational Institution, and the Authority is willing to acquire the Facility and lease the same to the State and the Educational Institution; and

WHEREAS, the Site is presently owned by the Educational Institution, the Facility will be constructed by the Educational Institution on behalf of the Authority, and it is intended that the Site and the Facility be conveyed to the Authority by the Educational Institution; and

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the Educational Institution and the State is necessary in order for the State and the Educational Institution to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by constitution and law, and the use of Act 183 to accomplish such acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

WHEREAS, Section 7 of Act 183 provides that the Lease shall be approved by the Authority, by the State Administrative Board of the State and by concurrent resolution of the Legislature of the State concurred in by a majority of the members elected to and serving in each house and if the Lease is for an institution of higher education existing or created pursuant to Section 4, 5, 6 or 7 of Article 8 of the State Constitution, then in addition, the Lease shall be authorized by the institution of higher education and signed by its authorized officers and, accordingly, it is necessary that the Educational Institution authorize and approve the Lease; and

WHEREAS, if it is determined that (i) the Authority will require an easement from a public road to the Facility over real property owned by the Educational Institution so that the Authority has access to the Facility, (ii) the Educational Institution will require for future use certain easements through the Facility, (iii) the Authority and the Educational Institution will require an agreement to share a common structural wall or (iv) the Authority will require an easement over real property owned by the Educational Institution so that the Authority has sufficient parking available in connection with the reasonable use of the Facility, then in order to meet any such requirement, it may be necessary for authorized officers of the Educational Institution to approve an Easement Agreement to provide for such easements or the sharing of a common structural wall, as the case may be;

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 5**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE EDUCATIONAL INSTITUTION THAT:

1. The plans for the Facility, as filed with the Educational Institution, are hereby approved.

2. The Educational Institution hereby authorizes and approves the Construction Agreement in substantially the form attached as Exhibit A, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration, are hereby authorized and directed to execute and deliver, at the appropriate time, the Construction Agreement in substantially the form attached as Exhibit A for and on behalf of the Educational Institution. Such officers are hereby authorized to approve such changes in and modifications to the Construction Agreement as do not materially adversely affect the Educational Institution.

3. The conveyance of the Site and the Facility to the Authority in accordance with the Construction Agreement is hereby approved, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration, are hereby authorized and directed to execute and deliver a warranty deed in substantially the form attached as Exhibit B and bills of sale to accomplish such conveyance in such form as may be from time to time approved by such officers.

4. The Educational Institution hereby authorizes and approves the Lease in substantially the form attached as Exhibit C, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration, are hereby authorized and directed to execute and deliver the Lease in accordance with the Construction Agreement and in substantially the form attached as Exhibit C for and on behalf of the Educational Institution and such officers are hereby designated as authorized officers of the Educational Institution for purposes of Section 7 of Act 183. Such officers are hereby authorized to approve such changes in and modifications to the Lease as do not materially alter the substance and intent thereof as expressed in the Lease and the request for action submitted to the Board of Trustees in connection therewith; provided such officers are not hereby authorized to approve a change in the Lease with respect to the range of rental, the description of the Facility or the material financial obligations of the Educational Institution contained in the Lease

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 6**

approved herein. The Educational Institution hereby determines that the maximum rental in the amount described below is reasonable and the authorized officers are hereby authorized to approve in the Lease, as executed, rental in annual amounts determined by the final appraisal of "True Rental," but not exceeding \$3,587,000 in any 12-month period and a lease term of not exceeding 40 years.

5. If in connection with the entering into of the Lease, and if either of the following then seated officers of the Educational Institution: the President and Vice President for Finance and Administration, determine that (i) the Authority will require an easement from a public road to the Facility over real property owned by the Educational Institution so that the Authority has access to the Facility, (ii) the Educational Institution will require for future use certain easements through the Facility, (iii) the Authority and the Educational Institution will require an agreement to share a common structural wall or (iv) the Authority will require an easement over real property owned by the Educational Institution so that the Authority has sufficient parking available in connection with the reasonable use of the Facility, then such officers are hereby authorized and directed to execute and deliver an Easement Agreement if necessary in order to meet any such requirement.

6. Any of the following then seated officers of the Educational Institution: the President, the Vice President for Finance and Administration and the Vice President for Legal Affairs, General Counsel and secretary to the Board of Trustees, are hereby severally authorized and directed to take or cause to be taken all other actions, including, without limitation, making requests of and approving requests from the Authority and the State and signing certificates, documents or other instruments, each on behalf of the Educational Institution, as they deem necessary or desirable under the circumstances to accomplish the purposes of the transactions authorized in this Resolution.

7. The Educational Institution further confirms its obligations to perform the duties and obligations specified in the Construction Agreement (only upon its execution by authorized officers of the Educational Institution) and the Lease (only upon its execution by authorized officers of the Educational Institution) and acknowledges that such obligations do not depend upon passage of title to the Facility to the Educational Institution without consideration upon termination of the Lease. The Educational Institution hereby recognizes that it would execute and deliver the Lease even if title to the Facility would not pass upon termination of the Lease.

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University Human Health Building
Board of Trustees Formal Session
June 8, 2011
Page 7**

8. The Educational Institution recognizes that the Authority shall pay for costs of the Facility in an amount not in excess of \$39,999,800.

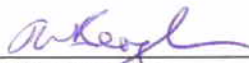
9. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

10. This Resolution shall be effective immediately upon its adoption.

9. Exhibits:

- A. Construction and Completion Assurance Agreement
- B. Warranty Deed
- C. Lease
- D. Parking, Pedestrian, Utility Line, Party Wall
and Encroachment Agreement

Submitted to the President
on 6/3, 2011 by



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

Recommended on 6/3, 2011
to the Board of Trustees for Approval



Gary D. Russi
President

EXHIBIT A

Oakland University
Human Health Building

CONSTRUCTION AND COMPLETION
ASSURANCE AGREEMENT

Among

OAKLAND UNIVERSITY

STATE OF MICHIGAN

and

STATE BUILDING AUTHORITY
STATE OF MICHIGAN

Dated as of ____, 2011

SAMPLE

TABLE OF CONTENTS

	PAGE
Definitions	1
Recitals	4
SECTION 1 Financing of Construction	5
SECTION 2 Grant of License and Designation of Educational Institution to Construct on Behalf of the Authority	5
SECTION 3 Revisions to Plans	7
SECTION 4 Payment of Design and Construction Costs	7
SECTION 5 Requirements for Construction Contracts.....	8
SECTION 6 Additional Construction Commencement Requirements	9
SECTION 7 Assignment of Contract and Architect Agreement	9
SECTION 8 Completion Account.....	11
SECTION 9 Insurance	13
SECTION 10 Inspecting Architect or Engineer	15
SECTION 11 Conveyance of Site to Authority.....	15
SECTION 12 Personal Property Components of the Facility	16
SECTION 13 Agreement to Lease	16
SECTION 14 Destruction of Facility	16
SECTION 15 Tax Covenant.....	17
SECTION 16 Assignment of Rights.....	17
SECTION 17 Indemnification	18
SECTION 18 Termination.....	18

EXHIBIT A Form of Lease

EXHIBIT B Legal Description of Site

EXHIBIT C Requisition Certificate

EXHIBIT D Inspecting Architect's Certificate

SAMPLE

CONSTRUCTION AND COMPLETION ASSURANCE AGREEMENT

This CONSTRUCTION AND COMPLETION ASSURANCE AGREEMENT is made among the State of Michigan, Oakland University, a Michigan constitutional body corporate, acting through its Board of Trustees and the State Building Authority and is effective as of 1, 2011.

DEFINITIONS

In addition to the words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings unless the context or use indicates a different meaning.

"Acquisition Account" means the Acquisition Account established by the Trust Indenture.

"Act" means Act No. 183, Public Acts of Michigan, 1964, as amended, MCL 830.411 to 830.425.

"Agent" means State Street Bank and Trust Company, as agent, or any successor agent for the Bank, or if there shall be no Agent, then Agent shall mean the Bank.

"Agreement" means this Construction and Completion Assurance Agreement among the Authority, the State, and the Educational Institution relating to the construction of the Facility.

"Architect" means Smith Group, 500 Griswold St., Suite 1700, Detroit, MI 48226.

"Architect Agreement" means the Educational Institution's agreement with the Architect regarding the construction of the Facility.

"Authority" means the State Building Authority created under the Act or any body succeeding to its rights and duties.

"Authority Debt" means the Notes and/or Bonds issued to provide funds for the Authority's Facility Cost.

"Authority's Facility Cost" means the share of the Total Facility Cost to be paid by the Authority out of the proceeds of Authority Debt.

"Bank" means the bank or banks which issue the Credit Facility or any other credit facility providing notes, initially State Street Bank and Trust Company, a Massachusetts trust company and U.S. Bank National Association, a national banking association, and its or their successors or assigns.

"Board" means the State Administrative Board of the State.

"Bonds" means any bonds or other obligations issued by the Authority under the Resolution, which are secured in whole or in part by the Rental.

"Certificate of Tenantability" or "Certificate of Partial Tenantability" means the certificate of the Architect that the Facility or a portion thereof is available for tenantability given consistent with Section 18.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Account" means the separate subaccount or account established within the Acquisition Account for the Facility.

"Construction Company" means The Christman Company, 38701 Seven Mile Rd., Suite 435, Livonia, MI 48152

"Contract" means the construction contract entered into by the Educational Institution for construction of the Facility.

"Contract Completion Date" means May 31, 2012, the date construction on the Facility is to be completed.

"Draw Down Schedule" means the estimated monthly cash flow schedule of the payment of the Authority's Facility Cost.

"Educational Institution" Oakland University, created and maintained pursuant to Sections 4 and 6 Article 8 of the Michigan Constitution of 1963, or any body or entity succeeding to its rights and duties.

"Facility" means the Site, all real property interests appurtenant thereto and all buildings, structures, and improvements now or hereafter constructed thereon and all fixtures or personal property, now or hereafter located thereon or therein, all as described in the attached Exhibit B, but shall not include the State's or the Educational Institution's own equipment or other personal property to be installed or used thereon or in connection therewith.

"Inspecting Architect or Engineer" means an architect or engineer licensed and in good standing in the State of Michigan, who acts as the Authority's agent in reviewing the progress of construction of the Facility and making certifications in connection with Requisition Certificates and performing the other tasks and duties considered appropriate by the Authority. A form of the Inspecting Architect or Engineer's certificate is attached to this Agreement as Exhibit D.

"Lease" means the lease agreement among the Authority, the State, and the Educational Institution, as amended or supplemented, a form of which is attached to this Agreement as Exhibit A.

"Legislature Approval" means the concurrent resolution of the Legislature approving (i) the conveyance of the Site to the Authority, (ii) the form of Lease pursuant to which the Educational Institution and the State will lease the Site and the Facility from the Authority, and (iii) a range of true rental based upon an appraisal letter.

"Letter of Credit" means the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.

"Notes" means the obligations issued by the Authority under the Trust Indenture or any subsequent trust indenture providing funds, among other purposes, to pay the Authority's Facility Cost.

"Plans" means the plans and specifications for the construction of the Facility prepared by the Architect, filed by the Educational Institution with the Authority, and approved by the Authority in accordance with this Agreement.

"Reimbursement Agreement" means the Reimbursement Agreement, between the Authority and the Bank relating to the Letter of Credit, or any other reimbursement agreement entered into by the Authority in connection with the issuance of Notes.

"Requisition Certificate" means the certificate signed by an authorized official of the State or Educational Institution authorizing the Authority and the Trustee to make payments to the extent available from the Acquisition Account to pay the Authority's Facility Cost subject to this Agreement and the Trust Indenture. A form of the Requisition Certificate is attached to this Agreement as Exhibit C.

"Resolution" means the resolution(s) adopted by the Board of Trustees of the Authority authorizing the issuance and sale of the Bonds. The term also includes any master indenture, indenture, or supplemental indenture, as amended from time to time, entered into by the Authority in connection with the Bonds.

"Site" means the real property described in Exhibit B attached to this Agreement. "State" means the State of Michigan.

"Total Facility Cost" means (a) the obligations of the State, the Educational Institution or the Authority incurred for labor and to contractors, builders and materialmen in connection with the Facility; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of assuring title of the Facility to the Authority, and recording fees; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the Construction Period which are not paid by the contractor or contractors or otherwise provided for; (d) the expenses of the State, the Educational Institution or the Authority for appraisals, surveys, estimates and supervising construction, as well as for the performance of all other duties required for the proper construction of the Facility; (e) all other fees and costs which the State, the Educational Institution or the Authority may incur or be required to pay for the acquisition, construction, installation and operation of the Facility; and (f) any sums required to reimburse

the State, the Educational Institution and the Authority for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them (including overhead charges) which are (i) properly chargeable to the Facility and (ii) authorized pursuant to the resolution adopted by the Authority on March 4, 1992, and the certificate of the Executive Director of the Authority dated April 1, 2010, authorizing the reimbursement of such advances or otherwise permitted under the Code.

"Trustee" means a bank having trust powers or a trust company currently designated as trustee for the Notes in the Trust Indenture. Upon issuance of the Bonds, all funds held by the Trustee related to the Project shall be transferred to the trustee for the Bonds and, thereafter, all references in this Agreement to the Trustee shall be to the trustee for the Bonds.

"Trust Indenture" means the Trust Indenture, between the Authority and the Trustee, as amended or supplemented, entered into in connection with the issuance of Notes.

RECITALS

A. The Educational Institution has determined that it is necessary and desirable to acquire, renovate, equip and/or construct the Facility on the Site, which is owned by the Educational Institution, to carry out governmental functions and to provide necessary services to the people of the State, as mandated or permitted by Constitution and law. Use of the Act to accomplish those purposes is the most practical means to that end at the lowest cost to the State and the Educational Institution.

B. The State and the Educational Institution have requested that the Authority finance the acquisition, renovation, construction and/or equipping of the Facility on the Site and the Authority has agreed to issue the Notes, a portion of the proceeds of which will be used to acquire, renovate, equip, and/or construct the Facility in consideration of the Educational Institution and the State granting a license to the Authority to enter upon the Site and undertake the acquisition, renovation, equipping and construction, the Educational Institution's agreement to undertake, on behalf of the Authority, the oversight of the acquisition, renovation, equipping and construction, and the Educational Institution's agreement to convey, upon or prior to completion of the Facility, the Site and the Facility, to the Authority and to lease, together with the State, the Site and the Facility from the Authority at a true rental determined in accordance with the Act.

C. The Authority proposes to issue its Notes under the Trust Indenture, which shall establish the Acquisition Account and the procedures for disbursements from the Acquisition Account.

D. The Notes shall be secured by the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.

E. The Legislature, the Board, the Authority, and the Educational Institution have each approved the conveyance of the Site to the Authority, the form of Lease, and a range of true rental based upon an appraisal letter. The execution and delivery of this Agreement has been approved by the Board, the Educational Institution, and the Authority.

NOW, THEREFORE, in consideration of the mutual rights and obligations set forth in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is acknowledged by the parties, the Educational Institution, the State, and the Authority agree as follows:

SECTION 1. Financing of Construction. The Authority shall acquire, renovate, equip, and/or construct the Facility in accordance with the Plans with the revisions as may be properly approved pursuant to Section 3 of this Agreement. The Educational Institution and the State represent that the acquisition, renovation, equipping and construction can be completed in accordance with the Plans at a Total Facility Cost of \$64,561,200. The Authority agrees to use its best efforts to issue the Notes, over time, in an aggregate amount sufficient to produce available proceeds designated for the Authority's Facility Cost of \$39,999,800. The Educational Institution represents that it has or will have available, including any amounts which have been set forth in an appropriation act, an amount equal to the difference between the Authority's Facility Cost and the Total Facility Cost.

The amount of proceeds of the Notes to be issued on any date which will be used to pay the Authority's Facility Cost, shall be based upon the aggregate amount required and the times at which amounts are required as certified by the Educational Institution in the Draw Down Schedule. The Executive Director may rely on the accuracy of the Draw Down Schedule in determining the amount of Note proceeds to be allocated to the Authority's Facility Cost at any given time. The Educational Institution may revise the Draw Down Schedule by written notice to the Executive Director and the revised Draw Down Schedule shall be effective with respect to any Notes issued more than 10 days after the Executive Director's receipt thereof.

SECTION 2. Grant of License and Designation of Educational Institution to Construct on Behalf of the Authority. The State and the Educational Institution grant a license to the Authority to construct the Facility on the Site and agree that the Authority shall have such rights of ingress and egress on and across the Site as are necessary to construct and use the Facility in connection with its construction. Neither the State nor the Educational Institution shall revoke this grant while this Agreement is in effect.

The Educational Institution shall act on behalf of the Authority to oversee the acquisition, renovation, equipping and/or construction of the Facility. The Educational Institution shall undertake all responsibility for and, except as expressly set forth below with respect to payment, all liability in connection with bidding for and selecting contractors and managing and overseeing the construction process. The Educational Institution shall have the Facility acquired, renovated, equipped, and/or constructed in accordance with the Plans on or before the Contract Completion Date and within the Total Facility Cost.

The Authority's sole liability in connection with any contracts for construction entered into with respect to the Facility shall be payment for acquisition, renovation, design, equipping, and/or construction costs to the extent set forth in Section 4 of this Agreement and shall in no event exceed the Authority's Facility Cost. Construction contracts shall meet the requirements of Section 5 of this Agreement.

If the Educational Institution, prior to completing the Facility as provided in this Agreement, ceases work on the Facility and fails to resume the work within 10 days after written notice from the Authority or the Trustee to the State and the Educational Institution identifying the cessation of work (except where such cessation in work is caused by causes beyond the Educational Institution's reasonable control, including, but not limited to, labor disputes, fire, unusual delay in transportation or unavoidable casualties) and requesting the work on the Facility be resumed, fails to complete the Facility in substantial accordance with the Plans, or makes changes in the Plans without first securing written approval when required by Section 3 of this Agreement, or if the Authority determines the Educational Institution is not using its best efforts to complete the Facility in accordance with the Plans on or before the Contract Completion Date and within the Total Facility Cost, then the Authority may revoke its designation of the Educational Institution to construct the Facility and may have the Facility completed substantially according to the Plans and may proceed in so doing with the Trustee or an assignee. In completing the Facility, the Authority shall have all necessary powers, including but not limited to the following:

(a) to use any available funds in the Acquisition Account in the manner called for by the Plans and to present draw requests to provide for the deposit of additional funds in the Acquisition Account for such purposes,

(b) to make changes and corrections in the Plans as shall be necessary or desirable to complete the Facility in the manner contemplated by the Plans, or as provided in Section 3 of this Agreement if the amount available for completion of the Facility is not sufficient to complete the construction and acquisition of the Facility in accordance with the Plans,

(c) to employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for such purposes,

(d) to pay, settle or compromise all existing bills and claims which may be liens against the Site, or as may be necessary or desirable for the completion of the Facility, or for clearance of title,

(e) to execute all applications and certificates in the name of the State or the Educational Institution which may be required by this Agreement or any construction contract,

(f) to prosecute and defend in the name of the State or the Educational Institution all actions or proceedings in connection with the construction of the Facility and to take such action and require such performance and payment bonds and the builders' risk insurance specified in Section 5 of this Agreement, and

(g) to take any actions as the Authority considers necessary in the exercise of its sole discretion to complete the Facility in the manner contemplated by the Plans and this Agreement.

The foregoing rights and remedies shall be supplemental to, and shall not preclude, the exercise by the Authority or the Trustee of any rights or remedies otherwise provided by law.

SECTION 3. Revisions to Plans. The Educational Institution and the State may make any modifications of the Plans and modifications to the Facility, so long as the modifications in the Plans or to the Facility do not, in the written opinion of the Architect, materially alter the size, scope or function of the Facility, together with any previous modifications in the Plans or to the Facility, extend the completion date beyond the Contract Completion Date, cause the estimated cost of design and construction of the Facility to exceed the amount of the Total Facility Cost approved by this Agreement, materially affect the structural integrity and utility of the structures, impair the usefulness or character of the Facility, or violate the requirements of any licensing authority and do not, in the written opinion of an authorized officer of the State or the Educational Institution, decrease the rental value of the Facility. Any other modifications in the Plans or to the Facility shall not be made without the prior approval of the Authority, the Agent, and the contractors' sureties (if required by any surety bond).

No modifications to the Plans or the Facility shall be made unless (i) there shall be on deposit with the Authority adequate moneys available therefor, (ii) the Educational Institution shall have deposited in the Acquisition Account adequate moneys to pay any additional costs resulting therefrom, or (iii) if authorized by the Legislature, the Board, and the Authority, this Agreement shall have been amended to evidence the Authority's agreement to increase the Authority's Facility Cost to an amount which, together with moneys, if any, described in (i) and (ii), are adequate therefor. All revisions of the Plans, all change orders with respect thereto and the opinion of the Architect and the authorized officer of the State or the Educational Institution referred to above shall be filed with the Agent and the Executive Director of the Authority.

SECTION 4. Payment of Design and Construction Costs. The Authority shall authorize the Trustee to make payments to the extent available from the Acquisition Account to pay the Authority's Facility Cost subject to the provisions of this Agreement and the Trust Indenture, upon receipt of a Requisition Certificate signed by an authorized official of the State or Educational Institution, as applicable, approved by the Authority, stating with respect to each payment to be made: (i) the Requisition Certificate number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) a description of the Authority's Facility Cost covered by such Requisition Certificate and a statement that the payment is being made for a cost or expense properly chargeable to the Acquisition Account, (iv) the amount to be paid, (v) that each obligation mentioned therein is a proper charge against the Acquisition Account and has not been the basis of any previous payment, (vi) that the cost of the portion of the Facility covered by such Requisition Certificate is not less than the amount to be paid thereunder, (vii) that neither the State nor the Educational Institution is in default under this Agreement and that nothing has occurred to the knowledge of the Educational Institution or the State which prevents the performance of the State's or the Educational Institution's obligations under this Agreement, and (viii) that after the payment of the requisition the amount on deposit in the Acquisition Account together with other moneys to be available through the anticipated issuance of

additional Notes and funds to be provided by the Educational Institution, together with any moneys appropriated by an appropriation act for construction of the Facility, will be sufficient to complete the Facility by the Contract Completion Date.

The State or the Educational Institution, as applicable, shall also provide the Authority, the Bank, and the Trustee with (i) sworn statements and, if appropriate, waivers of lien (satisfactory in form and substance to the Authority) by contractors, subcontractors and for materialmen on the Facility and endorsements to the title insurance policy, if any has been provided pursuant to this Agreement, showing coverage by an amount not less than the moneys which have been expended by the Authority for the Facility, including the disbursement being requested and (ii) an itemization of the Authority's Facility Cost in sufficient detail to evidence incurring of such cost for the payment of which application has been or is then being made. The State and the Educational Institution shall permit the Authority, the Bank and the Trustee, upon request, to inspect the records of the State and the Educational Institution relating to the Total Facility Cost and the Authority's Facility Cost.

SECTION 5. Requirements for Construction Contracts. The Educational Institution shall enter into construction contracts for the Facility, executed copies of which shall be filed with the Authority. The Educational Institution represents and covenants that the Facility can be completed within the Total Facility Cost and that there is or will be available an amount of funds, which together with the Authority's Facility Cost, is sufficient to pay the Total Facility Cost. As evidence of the sufficiency of the construction contracts, the Educational Institution shall furnish the Authority, the State, the Agent, and Trustee, at the time of execution of this Agreement with the following:

(a) a detailed breakdown, certified by the Architect, itemizing by major category, of all costs necessary and sufficient for the completion of the Facility as a tenantable space,

(b) copies of performance and payment bonds written by a surety company satisfactory to the Executive Director of the Authority, payable to the Educational Institution, the State, the Authority, and the Trustee as their interests may appear, assuring completion of the Facility and payment of all contracts and claims for acquisition, construction, installation, renovation and equipping of the Facility or a certificate in form and substance satisfactory to the Executive Director of the Authority evidencing the existence of the performance and payment bonds, as the Executive Director of the Authority shall direct,

(c) the Draw Down Schedule,

(d) a copy of a builder's risk insurance policy or policies issued by a financially responsible insurer fully qualified under the laws of the State to provide such insurance, insuring all contractors, the State and its departments, boards, commissions, officers and employees, the Authority, the Bank, and the Trustee in form and amount satisfactory to the Architect and the Executive Director of the Authority or a certificate in form and substance satisfactory to the Executive Director of the Authority evidencing such insurance, as the Executive Director of the Authority shall direct, and

(e) a certificate of the Educational Institution certifying that funds, other than the proceeds of the Notes or other Authority funds, equal to the difference between the Total Facility Cost and the Authority's Facility Cost (i) are currently available and being held for the purpose of acquiring, renovating, equipping and/or constructing the Facility in accordance with the Plans, or if not currently available, identifying the sources of funds and the times at which such funds are expected to be available or (ii) have previously been expended for the purpose of acquiring, renovating, equipping and/or constructing the Facility in accordance with the Plans.

The Educational Institution shall not consent to any amendments to any of the construction contracts, whether by change order or otherwise, or take any action or fail to take any action which increases the Authority's Facility Cost or the Total Facility Cost or materially alters the scope, character, or function of the Facility, decreases the rental value of the Facility, or extends the Contract Completion Date without the prior written approval of the Authority and the Agent.

The Educational Institution will supply, as reasonably requested by the Authority, the State, or the Agent, copies of any monthly progress reports as are received by the Educational Institution from the Architect or any contractor with respect to construction of the Facility.

SECTION 6. Additional Construction Commencement Requirements. Prior to the commencement of construction, the Educational Institution shall supply to the Authority and the State:

(a) a title insurance commitment in favor of the Authority and the State issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for its intended purposes or materially detract from its value,

(b) a survey of the site, certified to the Authority and the State, consistent with the title commitment and showing, at a minimum, the location of all proposed improvements and the status of the property in terms of the 100 year flood plain as designated by the Army Corps of Engineers or Michigan Department of Natural Resources and Environment,

(c) evidence satisfactory to the Authority and the State of no unacceptable environmental contamination at the Site,

(d) evidence satisfactory to the Authority and the State of all governmental permits, if any, necessary for the construction of the Facility,

(e) executed copies of the Contract and Architect Agreement, and

(f) an opinion of counsel to the Educational Institution that this Agreement, the Contract, and the Architect Agreement are the valid and binding obligations of the Educational Institution.

SECTION 7. Assignment of Contract and Architect Agreement.

(a) The Educational Institution represents and warrants to the Authority that:

(1) it has not assigned, transferred, or delivered and covenants that it will not assign, transfer, or deliver, so long as this Agreement shall remain in effect, any of the Educational Institution's right, title or interest to the Contract and the Architect Agreement to anyone other than the Authority, its successors or assigns,

(2) its right, title and interest under the Contract and the Architect Agreement are not currently subject to any liens, encumbrances, or security interests,

(3) the Contract and the Architect Agreement are in all respects in full force and effect and enforceable in accordance with their respective terms except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally, and

(4) it is not in default under the Contract or the Architect Agreement and is not aware of any other default under the Contract or the Architect Agreement as of the date of this Agreement.

(b) The Educational Institution assigns, transfers, and delivers to the Authority, as collateral security for the performance of its obligations under this Agreement or the Lease, all of the Educational Institution's right, title and interest under the Contract and the Architect Agreement.

(c) Upon default by the Educational Institution in the performance of any obligation under this Agreement or the Lease to file any claim, take any action or institute any proceeding which the Authority considers necessary or advisable in connection with the Contract or the Architect Agreement, the Educational Institution appoints the Authority as its true and lawful attorney, coupled with an interest, to act in the name and stead of the Educational Institution. Such appointment shall not be effective until after 30 days prior written notice to the Educational Institution during which time the Educational Institution shall have the opportunity to cure any such default unless the default shall be the result of the Educational Institution abandoning construction or ceasing work on the Facility in which case notice thereof shall be given in accordance with Section 2 of this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, until the Authority elects to exercise its right, title and interest under the Contract and/or the Architect Agreement:

(1) the Authority shall not be obligated to give any directions, make any demands, give any notices of nonperformance, protest or notices of protest in connection with any obligation that constitutes an obligation of the Educational Institution secured hereunder and the Educational Institution shall remain solely liable, except as specifically provided in Section 2 with respect to payment by the Authority, under the Contract and the Architect Agreement and

the Educational Institution shall perform all of the Educational Institution's obligations thereunder in accordance with their terms and provisions, and

(2) except as specifically provided in Section 2 with respect to payment by the Authority, the Authority shall have no obligation or liability under the Contract or the Architect Agreement by reason of, or arising out of, this Agreement, nor shall the Authority be obligated in any manner to fulfill any obligations of the Educational Institution under the Contract or the Architect Agreement.

(e) The obligations of the Educational Institution under the Contract and the Architect Agreement may be performed by the Authority or its nominee after 30 days from the date of written notice to the Educational Institution except after the abandonment of construction or cessation of work on the Facility by the Educational Institution in which case the notice period shall be 10 days without releasing the Educational Institution therefrom and without resulting in any assumption of the Contract or the Architect Agreement by the Authority.

(f) The Educational Institution authorizes and directs the Construction Company and the Architect to perform the terms and conditions of the Contract and the Architect Agreement, respectively, and to complete the performance thereunder for the benefit of the Authority in the event of the Educational Institution's default under this Agreement or under the Lease or upon the Authority's election to exercise the Educational Institution's obligations under the Contract or the Architect Agreement.

SECTION 8. Completion Account.

(a) The Authority in the Trust Indenture shall provide for the establishment of the Completion Account.

(b) In the event either (i) any Requisition Certificate specifies a contract completion date later than 90 days after the Contract Completion Date or (ii) the Inspecting Architect or Engineer or a nationally recognized construction consultant or firm of consultants certifies to the Authority, the Educational Institution and the Trustee that the Facility cannot be completed within the available funds and/or cannot be completed within 90 days after the Contract Completion Date, then effective as of the date of such Requisition Certificate or the date of the Inspecting Architect's or Engineer's or consultant's certificate:

(1) the Trustee shall disburse only the following amounts approved in any Requisition Certificate:

<u>Delay from</u> <u>Contract Completion Date</u>	<u>Amount to be</u> <u>Disbursed</u>
90 days to 180 days	90%
More than 180 days	80%

(2) the remaining amount due under such Requisition Certificate shall be deposited by the Trustee in the Completion Account; and

(3) money in the Completion Account shall be disbursed only as provided in the Trust Indenture or this Agreement.

(c) In the event that the Educational Institution disputes the certificate of the Inspecting Architect or Engineer or consultant, the Educational Institution shall notify the Authority of the dispute in writing. Upon receipt of the notice, the Authority and the Educational Institution shall in good faith seek to agree within 10 days upon an independent consultant, who shall be retained at the expense of the Educational Institution. The independent consultant shall, within 20 days after retention, certify to the Educational Institution and the Authority a completion date for the Facility. Upon receipt of such certification, the Educational Institution shall notify the Trustee of the new completion date. In the event that the Authority and the Educational Institution cannot agree on the independent consultant within 10 days or the consultant, if retained, does not provide a new completion date within 20 days, the completion date established by the Inspecting Architect or Engineer or the consultant shall be the Contract Completion Date for this Agreement.

(d) The Educational Institution shall pay, from its own funds, the Authority's Facility Cost equal to any amounts deposited in the Completion Account pursuant to this Section.

(e) If the construction and acquisition of the Facility is subsequently recertified to be on, or ahead of, the original schedule for completion, in the same form as the delay in completion was certified, then effective with such certificate no further payments shall be made to the Completion Account pursuant to this Section. Notwithstanding that recertification, the moneys in the Completion Account shall not be disbursed to the Educational Institution except as provided in this Agreement and the Trust Indenture.

(f) The Executive Director of the Authority and an authorized officer of the Educational Institution may agree, with the consent of the Agent, to reduce the amounts to be deposited in the Completion Account. The Authority shall give notice of such agreement to the Trustee. Nothing herein shall require the Authority to agree with the Educational Institution to reduce any such deposit.

(g) In the event the Facility is completed and a Certificate of Tenantability is issued prior to the issuance of Bonds, the Trustee shall, within 60 days of the issuance of the Certificate of Tenantability, disburse to the Educational Institution all of the moneys then in the Completion Account; provided, however, that such disbursement shall not exceed the amount of money the Educational Institution shall have paid pursuant to Section 8(d) of this Agreement. Any amount remaining in the Completion Account after making such disbursement shall be deposited as directed by the Authority.

(h) The Trustee shall make disbursements from the Completion Account to the Bank only if there has been an event of default under the Reimbursement Agreement and obligations are owing to the Bank under the Reimbursement Agreement and there is no other source of payment to the Bank authorized therefor under the Trust Indenture.

(i) In the event the Certificate of Tenantability is not issued before the Bonds are issued, the Trustee is directed, and the Educational Institution agrees, that the Trustee shall transfer on a monthly basis by the first of the following month, to the extent moneys are available therefor, moneys in the Completion Account to the account established for paying principal and interest on the Bonds equal to the aggregate of (1) a fraction of the outstanding principal amount of the Bonds related to the Authority's Facility Cost maturing on the first maturity date of the Bonds equal to one divided by the number of months from the Bonds' issuance date to the Bonds' first maturity date, and thereafter, if necessary, one-twelfth of the outstanding principal amount of the Bonds related to the Authority's Facility Cost maturing on the next succeeding maturity date thereof and (2) the interest that will accrue during such month on the outstanding principal amount of Bonds related to the Authority's Facility Cost. The aggregate amount of such transfer shall be used to pay interest and principal on the Authority Debt and shall be reduced by the rental under the Lease, if any, paid for such month for Partial Tenantability of the Facility and by the amount of any capitalized interest available under the Resolution to pay interest on the amount of the Bonds related to Authority Facility Cost.

(j) Money transferred by the Trustee to pay interest on the Authority Debt shall no longer be available for payment to the Educational Institution for the Authority's Facility Cost, and the Authority and the State shall be under no obligation to pay such portions of the Authority's Facility Cost. When a Certificate of Tenantability is issued for the Facility, any remaining moneys in the Completion Account shall be transferred by the Trustee within 60 days to the Educational Institution; provided, however, that such transfer shall not exceed the amount of money the Educational Institution shall have paid pursuant to Section 8(d) of this Agreement. Any amount remaining in the Completion Account after making such transfer shall be deposited as directed by the Authority.

SECTION 9. Insurance. Upon execution of this Agreement and thereafter as the construction of the Facility permits, the Educational Institution shall keep the Facility insured against all of the following, provided that the Educational Institution shall not be required to carry a particular type of insurance as set forth below during any time period that such insurance is not available in the insurance market of the United States:

(a) "All risk" building insurance, including extended coverage, vandalism and malicious mischief, and sprinkler damage in an amount equal to 100% of the full replacement Total Facility Cost with a deductible not to exceed \$50,000.

(b) Loss or damage from explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in an amount customary to be carried in buildings of character and purpose similar to the Facility with a deductible not to exceed \$50,000.

(c) Commercial General Liability for combined property damage and bodily injury with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per location with a deductible not to exceed \$50,000 per occurrence.

Except as hereinafter provided, all insurance policies required hereby shall be issued by insurers fully qualified under the laws of the State to provide that form of insurance in the State. Each policy issued for this Facility shall include as named insureds: the Agent, the Authority and its officers, agents and employees, the Educational Institution, the State and its officers, agents and employees, and the Trustee, as their interests may appear. Inclusion of trustees, officers, agents and employees of the Authority as insured parties is not intended to and shall not constitute a consent to or an agreement that such trustees, officers, agents and employees shall in any way be liable for any matters arising out of the acquisition, leasing, ownership or financing of the Facility and such inclusion shall not constitute a waiver of immunity of such trustees, officers, agents and employees from any such liability. All casualty loss proceeds shall be payable to the Authority and used as provided in the Trust Indenture. All liability insurance proceeds shall be payable to the Authority, its officers, agents and employees, the State, the Educational Institution, the Agent, and the Trustee, as their interests appear. All policies shall contain a provision that they may not be canceled or nonrenewed or substantially reduced as to coverage without thirty days prior written notice to the Authority, the Agent, the Trustee, the Educational Institution and the State. The policies of insurance described in the above subparagraphs may contain additional deductible and coinsurance features, but only if the Educational Institution or the State has set aside in a separate fund an amount sufficient to pay the amount required under any such additional coinsurance or deductible feature in the full amount or has otherwise provided for the payment of such amounts in a manner satisfactory to the Authority. The insurance required by this Agreement in the amounts, with the coverage and other features herein required, may be supplied through blanket insurance policies covering other properties of the Educational Institution or the State; provided that such blanket insurance will provide the full coverage required herein for the Facility and at the same time provide full coverage for all other buildings and facilities covered by such blanket insurance policies unless such blanket insurance policy or policies provide for full coverage of the Facility prior to any coverage of the other properties of the Educational Institution. The insurance required by this Agreement in the amounts, with the coverage and other features herein required, may be supplied by a fully funded self-insurance program of the State or the Educational Institution or a self-insurance pool in which the State or the Educational Institution is a participant; provided that such self-insurance program or pool will provide the full coverage required for the Facility. The Educational Institution shall supply evidence of the acquisition and maintenance of the insurance and other funding in lieu thereof, if any, required by this Agreement by filing copies of the insurance policies or certificates evidencing such insurance on Acord Form 27 or other form acceptable to the Authority or evidence of other funding satisfactory to the Authority, the Trustee, and the Agent.

In the event the Educational Institution fails to secure or maintain the insurance as required in this Agreement, the Authority may, but shall not be obligated to, secure the insurance. Upon demand of the Authority, the Educational Institution shall pay the cost of that insurance.

The Authority waives any claim of liability against the State and the Educational Institution and their officers, agents or employees, for any loss or damage to the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the State or the Educational Institution of their officers, agents or employees, to the extent that the amount of such loss or damage is covered by such insurance and in fact recovered by the Authority. The State and the Educational Institution waive any claim of liability against the Authority or its trustees, officers, agents or employees, for any loss or damage to property, fixtures and equipment owned, maintained, erected or installed by the State or the Educational Institution in and about the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the Authority, its trustees, officers, agents or employees, to the extent that the amount of such loss or damage is covered by insurance and in fact recovered. To the extent obtainable, any insurance policy carried by the Educational Institution, the State or the Authority under this Agreement or with respect to the Facility or any part thereof shall contain a provision that any right of subrogation which the insurance company may have against the State or its officers, agents or employees, or the Authority or its officers, trustee, agents or employees, or the Educational Institution is waived.

SECTION 10. Inspecting Architect or Engineer. The Authority may, at its option, obtain the services of an Inspecting Architect or Engineer. It is agreed that the Authority assumes no obligation to the Educational Institution or the State with respect to the acts or omissions of the Inspecting Architect or Engineer or with respect to any negligence or defect in the design or construction of the Project. All fees, costs and expenses of the Inspecting Architect or Engineer shall be a Total Facility Cost to the extent of budgeted costs and any costs in excess of that amount shall be paid by the Educational Institution.

SECTION 11. Conveyance of Site to Authority. Prior to the earlier of:

(a) the date of delivery of the Bonds to provide long-term financing of the Authority's Facility Cost,

(b) the date the Architect files a Certificate of Tenantability,

(c) 15 days prior to the third anniversary of Legislative Approval of the Lease,

(d) 30 days prior to the Stated Termination Date of the Letter of Credit, as defined in the Letter of Credit,

(e) 15 Business Days (as defined in the Trust Indenture) prior to the date on which all outstanding principal of and interest on the Notes is expected to be paid in full by a draw on the Letter of Credit and refunding Notes under the Trust Indenture are not to be issued, or

(f) 15 days following the date of receipt of notice by the Trustee from the Agent of an Event of Default under the Reimbursement Agreement instructing the Trustee to accelerate the Notes,

the Educational Institution shall execute and deliver a warranty deed conveying the Educational Institution's interest in the Site to the Authority. The Educational Institution shall also at that time deliver a title insurance policy issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost, which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof.

SECTION 12. Personal Property Components of the Facility. Upon the execution of this Agreement and from time to time during the construction period, the Educational Institution and the State, to the extent that it holds title to any portion of the Facility, shall execute and deliver to the Authority such bills of sale or other instruments of transfer as may be necessary to vest title to the Facility (but not to the Site) in the Authority, subject only to the encumbrances and reservations permitted in this Agreement, so that, upon completion of the Facility, the Authority shall be the owner of the Facility.

SECTION 13. Agreement to Lease. Upon the transfer of title to the Site from the Educational Institution to the Authority, the Authority shall lease the Facility to the State and the Educational Institution and the State and the Educational Institution shall lease the Facility from the Authority at a true rental determined in accordance with the Act pursuant to the Lease.

SECTION 14. Destruction of Facility. In the event of total or partial destruction of the Facility during the term of this Agreement:

(a) If the total or partial destruction occurs as a result of any act or omission on the part of the State or the Educational Institution or any of their agents or employees (whether negligent or otherwise), the Educational Institution in the case of its act or omission and the State in the case of its act or omission shall, at its sole expense (from insurance proceeds or other sources), replace or repair the Facility to the state of construction immediately prior to the destruction to the reasonable satisfaction of the Authority, and this Agreement shall remain in effect and the State or the Educational Institution shall be entitled to receive all insurance payments; provided, however, if there are at the time the insurance proceeds become available outstanding Obligations (as defined in the Reimbursement Agreement) related to the Facility or if an Event of Default has occurred and is continuing under the Reimbursement Agreement, the Agent may direct the use of insurance proceeds to the payment of those Obligations and the State or the Educational Institution shall be relieved of its responsibility to replace or repair the Facility.

(b) If the total or partial destruction of the Facility occurs for causes not described in Section 14(a), and the Authority demonstrates within 180 days from the occurrence of such partial or total destruction to the reasonable satisfaction of the State and the Educational Institution that it has sufficient funds (from insurance proceeds or other sources including additional issuances of Notes) available to repair or replace the Facility to the state of construction immediately prior to the destruction, and, unless otherwise consented to by the Agent, that there are other funds legally available and deposited in the Note Fund which will be sufficient to pay any Obligations related to the Facility which are outstanding at the time of the demonstration of sufficient funds, the State or the Educational Institution may repair or replace

the Facility if the estimated "true rental" after such repair or replacement shall not be less than the estimated "true rental" prior to the destruction. If the Facility is to be repaired or replaced, the Authority shall pay to the State or the Educational Institution the cost of repair or replacement of the Facility in the amount incurred by the State or the Educational Institution for the repair or replacement of the Facility and this Agreement shall remain in effect; provided, however, under no circumstances will the amount paid to the State or the Educational Institution for repair or replacement exceed the amount of the insurance proceeds together with additional issuances of Notes, if any. Notwithstanding the foregoing, the Authority shall not elect to repair or replace the Facility (i) if Notes are outstanding with respect to the Facility and if based upon an Architect's certificate, the Facility will not become tenantable on or prior to the Expiration Date (as defined in the Letter of Credit) unless the Agent is satisfied that the Authority nonetheless reasonably expects to have funds available to reimburse the Bank on or prior to the Expiration Date all as further provided in the Reimbursement Agreement or (ii) if an Event of Default has occurred and is continuing under the Reimbursement Agreement.

(c) If the Authority does not or cannot so demonstrate availability of funds to repair or replace the Facility and meet the prior obligation set forth in Section 14(b), then this Agreement may be terminated by either the State, the Educational Institution or the Authority upon thirty days written notice to the other parties, in which event all insurance proceeds shall be applied as provided in the Trust Indenture.

(d) Insurance proceeds paid to the Authority as provided in Section 14(b), are to be used for the repair or replacement of the Facility by the State or the Educational Institution. If the Facility is not repaired or replaced, or if the cost of repair or replacement does not exhaust the amount of insurance proceeds received, the balance of the proceeds shall be applied as provided in the Trust Indenture. If surplus funds remain after application of insurance proceeds as provided in the Trust Indenture, that surplus shall be paid to the State to be credited to its General Fund or otherwise as agreed to by the State and the Educational Institution.

(e) If the Facility is to be replaced by new facilities which are substantially dissimilar in construction or use from the original facilities, then the Facility shall not be replaced unless the plans and specifications are approved by the Authority, the Agent and the State. (State approval shall be evidenced by the approval of the Board and by a concurrent resolution of the Legislature concurred in by a majority of the members elected to and serving in each house.)

SECTION 15. Tax Covenant. If the Notes or the Bonds are issued as obligations the interest on which is excluded from gross income for federal income tax purposes under the Code, the State and the Educational Institution will, to the extent permitted by law, each shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of the interest on the Notes or Bonds from gross income for federal income tax purposes under the Code, and neither shall use the Facility in any manner which would cause the Notes or the Bonds to be Private Activity Bonds (as defined in the Code).

SECTION 16. Assignment of Rights. Upon the issuance of the Notes, the Authority shall, pursuant to the Trust Indenture, assign its rights in, including rights to enforce this Agreement, and pledge any money receivable under this Agreement (other than certain insurance payments to be paid to the Authority under Section 9 of this Agreement), if any, to the Trustee as security for the payment of certain obligations of the Authority under the Trust Indenture to the Noteholders and the Bank. The Authority also assigns its rights to enforce this Agreement directly against the State and/or the Educational Institution to the Bank in the event that there has been a final draw on the Letter of Credit to pay principal of and interest on the Notes allocable to the Facility and those Notes are not to be refunded and there remain Obligations relating to the Facility owing to the Bank to the extent of such remaining Obligations. The Educational Institution and the State consent to such assignments and to any further assignments to a trustee with respect to any obligations of the Authority issued to refund or refinance the Notes.

SECTION 17. Indemnification. The Educational Institution shall indemnify and hold the Authority and its officers, agents, or employees harmless from any and all liability, loss, damage or expense which they may incur under or by reason of this Agreement, the Contract, or the Architect Agreement, or for any action taken by the Authority under this Agreement, or by reason or in defense of any and all claims and demands whatsoever which may be asserted against the Authority arising out of this Agreement, the Contract, or the Architect Agreement to the extent permitted by law. Should the Authority or its officers, agents, or employees incur any such liability, loss, damage or expense, the amount thereof (including reasonable attorneys' fees) shall be paid by the Educational Institution immediately upon demand. The Educational Institution shall not, however, be required to indemnify the Authority or its officers, agents, or employees for their acts of gross negligence or willful misconduct.

SECTION 18. Termination. Except as set forth below with respect to rights of the Bank, this Agreement shall terminate upon receipt by the State, the Educational Institution, and the Authority of the Certificate of Tenantability for the Facility pursuant to the Lease. This Agreement shall be effective as to rights of the Bank for such time as Obligations are owing to the Bank and so long as the Bank has not wrongfully dishonored its obligations under the Letter of Credit.

IN WITNESS WHEREOF, the State Building Authority, Oakland University and the State of Michigan have each executed this Agreement by their duly authorized officers.

STATE BUILDING AUTHORITY

By: _____

Its: Executive Director

STATE OF MICHIGAN

By: _____

Its: Governor

By: _____

Its: Secretary of State

OAKLAND UNIVERSITY

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT B

WARRANTY DEED

KNOW ALL PERSONS BY THESE PRESENTS: That OAKLAND UNIVERSITY, a Michigan constitutional body corporate, whose address is 204 Wilson Hall, Rochester, Michigan 48309 ("Grantor"), CONVEYS AND WARRANTS to the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act No. 183, Public Acts of Michigan, 1964, as amended, whose address is Lewis Cass Building, 320 South Walnut, 1st Floor, Lansing, Michigan 48933 ("Grantee"), the premises situated in the County of Oakland, State of Michigan, and described in attached Exhibit A.

The warranties and conveyances in this deed are subject to any easements and building and use restrictions of record.

This property may be located within the vicinity of farmland or farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right To Farm Act.

Grantor grants to Grantee the right to make zero (0) divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

This instrument is given for one dollar and other good and valuable consideration. This instrument is exempt from transfer taxes pursuant to MCLA §§207.505(h)(i) and 207.526(h)(i).

Dated as of the 1st day of _____, 20__.

OAKLAND UNIVERSITY

By: _____

Its: _____

By: _____

Its: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me in Oakland County, Michigan, this _____ day of _____, 20__ by _____, as _____ of Oakland University, a Michigan constitutional body corporate, on behalf of the constitutional body corporate.

Notary Public
_____ County, Michigan
Acting in Oakland County, Michigan
My Commission Expires: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me in Oakland County, Michigan, this _____ day of _____, 20__ by _____, as _____ of Oakland University, a Michigan constitutional body corporate, on behalf of the constitutional body corporate.

Notary Public
_____ County, Michigan
Acting in Oakland County, Michigan
My Commission Expires: _____

Tax Parcel No.: _____
Recording Fee: \$ _____ plus \$1.00 tax certification fee
Transfer Tax: Exempt
Send Subsequent Tax Bills To: Grantee

Drafted by and when recorded return to:

Dwight D. Ebaugh
Dickinson Wright PLLC
215 S. Washington Square, Suite 200
Lansing, Michigan 48933

SAMPLE

EXHIBIT A

Oakland University
Human Health Building

Legal Description

Part of the West one-half of the northeast one-quarter of Section 13, Town 3 North, Range 10 West, Pontiac Township, Oakland County, Michigan, being more particularly described as commencing at the North one-quarter corner of Section 13, thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 784.26 feet to the point of beginning; thence $N89^{\circ}13'36''E$ 602.32 feet; thence $N25^{\circ}07'03''E$ 258.64 feet; thence $N64^{\circ}57'14''W$ 217.58 feet; thence $N89^{\circ}57'14''W$ 543.61 feet to the North-South one-quarter line; thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 336.09 feet to the point of beginning.

LANSING 9694-5 450699v1

EXHIBIT C

EXHIBIT A

Oakland University
Human Health Building

LEASE

Among

OAKLAND UNIVERSITY,

STATE OF MICHIGAN

and

STATE BUILDING AUTHORITY
STATE OF MICHIGAN

Dated as of _____ 1, 20__

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I	DEFINITIONS2
Section 1.1	Definitions2
ARTICLE II	ACQUISITION AND COMPLETION OF FACILITY4
Section 2.1	Plans and Authority's Facility Cost4
Section 2.2	Sale and Conveyance of Facility to Authority5
Section 2.3	Price and Manner of Payment by Authority for Facility5
Section 2.4	Disbursements From Acquisition Account.....5
Section 2.5	Certificate of Tenantability and Certificate of Partial Tenantability6
Section 2.6	Name of the Facility6
ARTICLE III	LEASE OF FACILITY7
Section 3.1	Term of This Lease7
Section 3.2	Lease of Facility7
Section 3.3	Rental7
ARTICLE IV	OPERATION, MAINTENANCE AND INSURANCE OF FACILITY8
Section 4.1	Operation of Facility8
Section 4.2	Maintenance and Repair of the Facility9
Section 4.3	Insurance9
Section 4.4	Destruction of Facility11
Section 4.5	Improvements to the Facility12
ARTICLE V	EVENTS OF DEFAULT AND REMEDIES13
Section 5.1	Events of Default13
Section 5.2	Remedies.....14
ARTICLE VI	MISCELLANEOUS14
Section 6.1	Assignment of Lease.....14
Section 6.2	Entry14
Section 6.3	Amendment to Lease14
Section 6.4	Personal Liability.....14
Section 6.5	Notices14
Section 6.6	Entire Agreement.....15
Section 6.7	Severability15
Section 6.8	Execution in Counterparts15
Section 6.9	Captions15
Section 6.10	Applicable Law.....15
Section 6.11	Quiet Enjoyment.....15
Section 6.12	Title.....15
Section 6.13	Binding Effect.....16
Section 6.14	Declaration of Governmental Function16
Section 6.15	Tax Covenant.....16

Section 6.16	Construction of Lease	16
EXHIBIT A	Project Description	A-1
EXHIBIT B	Legal Description	B-1
EXHIBIT C	Annual Rental Amounts	C-1

SAMPLE

LEASE

THIS LEASE is entered into as of _____, 20__ among the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act 183, Public Acts of Michigan, 1964, as amended, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, acting by its Board of Trustees, a Michigan constitutional body corporate (hereinafter, the "Educational Institution").

P R E M I S E S:

WHEREAS, the Authority was established under Act 183 for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963, or any of its agencies;

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963;

WHEREAS, the Facility has been constructed and the Site and the Facility have been conveyed to the Authority by the Educational Institution as provided by Act 183;

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the State and the Educational Institution will permit the State to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by the Constitution and law, and the use of Act 183 to accomplish the acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

WHEREAS, the execution and delivery of this Lease has been validly authorized by the State Administrative Board of the State, by the Legislature of the State by concurrent resolution concurred in by a majority of the members elected to and serving in each house, by the Board of Trustees of the Educational Institution, and by the Board of Trustees of the Authority;

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings of this Lease, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease and the preambles hereto shall have the following meanings unless the context or use indicates another or different meaning.

"Acquisition Account" means the Acquisition Account established by the Trust Indenture.

"Act 183" means Act No. 183, Public Acts of Michigan, 1964, as amended, being Sections 830.411 to 830.425, inclusive, of Michigan Compiled Laws.

"Authority" means the State Building Authority created under Act 183 or any body succeeding to its rights and duties.

"Authority Debt" means the Notes and/or Bonds issued to provide funds for the Authority's Facility Cost.

"Authority's Address" means State Building Authority, Lewis Cass Building, 320 South Walnut, 1st Floor, Lansing, Michigan 48933.

"Authority's Facility Cost" means the share of the Total Facility Cost to be paid by the Authority out of the proceeds of Authority Debt.

"Bonds" means any bonds or other obligations issued by the Authority under the Resolution, which were secured in whole, or in part, by the Rental.

"Certificate of Tenantability" or "Certificate of Partial Tenantability" shall mean the certificate rendered pursuant to Section 2.5 hereof, which when filed, will trigger commencement of rental payments in accordance with Section 3.3 hereof.

"Construction Agreement" shall mean the Construction and Completion Assurance Agreement among the Authority, the State and the Educational Institution relating to the construction of the Facility.

"Educational Institution" means Oakland University, created and maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963 or any body or entity succeeding to its rights and duties.

"Educational Institution's Address" means Oakland University, 204 Wilson Hall, Rochester, Michigan 48309, Attention: President.

"Facility" means the Site, all real property interests appurtenant thereto, and all buildings, structures and improvements now or hereafter constructed thereon and all fixtures or personal property, now or hereafter located thereon or therein, all as described on page A-1 in Exhibit A attached hereto, but shall not include the State's or the Educational Institution's own equipment or other personal property to be installed or used thereon or in connection therewith.

"Improvements to the Facility" means such additions, improvements or replacements of or to the Facility as provided by Section 4.5.

"Lease" means this lease agreement among the Authority, the State, and the Educational Institution, as amended or supplemented as provided in Section 6.3.

"Notes" means the obligations issued by the Authority under the Trust Indenture to provide funds, among other purposes, to pay the Authority's Facility Cost.

"Plans" means the plans and specifications for the construction of the Facility prepared by the Architect, filed by the Educational Institution with the Authority and approved by the Authority, in accordance with the Construction Agreement.

"Rental" means the rental required to be paid to the Authority by the State pursuant to Section 3.3, which shall be not more than the "true rental" for the Facility as determined by the State Administrative Board pursuant to Act 183, the rental being not greater than the economic or market value to the State and the Educational Institution of the Facility over and above the estimated expenses of operation, maintenance and repair of the Facility, not taking into account the right of the Educational Institution to acquire title to the Facility as provided in Section 6.12 upon termination of this Lease.

"Resolution" means the resolution(s) adopted by the Board of Trustees of the Authority authorizing the issuance and sale of Authority Debt. The term also includes the Trust Indenture or any master indenture, indenture and supplemental indenture, as amended from time to time, entered into by the Authority in connection with Authority Debt.

"Site" means the real property described in Exhibit B attached hereto.

"State" means the State of Michigan. The Department of Technology, Management and Budget shall be responsible for administering the terms of this Lease on behalf of the State.

"State's Address" means State of Michigan, Department of Technology, Management and Budget, Lewis Cass Building, 2nd Floor, Box 30026, Lansing, Michigan 48909, Attention: Director.

"Total Facility Cost" means (a) obligations of the State, the Educational Institution or the Authority incurred for labor and to contractors, builders and materialmen in connection with the Facility; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of assuring title of the Facility to the Authority, and recording fees;

(c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the construction period which are not paid by the contractor or contractors or otherwise provided for; (d) the expenses of the State, the Educational Institution or the Authority for appraisals, surveys, estimates and supervising construction, as well as for the performance of all other duties required for the proper construction of the Facility; (e) all other fees and costs which the State, the Educational Institution or the Authority may incur or be required to pay for the acquisition, construction, installation and operation of the Facility; and (f) any sums required to reimburse the State, the Educational Institution and the Authority for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them (including overhead charges) which are (i) properly chargeable to the Facility and (ii) authorized pursuant to the resolution adopted by the Authority on March 4, 1992 and the certificate of the Executive Director of the Authority dated April 1, 2010 authorizing the reimbursement of such advances or otherwise permitted under the Internal Revenue Code of 1986, as amended.

"Trustee" means a bank having trust powers or a trust company to be designated in the Resolution of the Authority, or any successor trustee at the time serving as such under the Resolution.

"Trustee's Address" means the address of the Trustee as indicated in the Trust Indenture.

"Trust Indenture" means the trust indenture, master indenture and supplemental indenture, as amended from time to time, entered into in connection with the issuance of Authority Debt.

ARTICLE II

ACQUISITION AND COMPLETION OF FACILITY

Section 2.1 Plans and Authority's Facility Cost. The Authority's Facility Cost in the amount set forth on page A-2 in Exhibit A and the Plans have been approved by the Authority, the Educational Institution and the State in accordance with applicable law. The Authority's acquisition of the Facility shall be financed by issuing Authority Debt. That portion of the proceeds of such Authority Debt which will be used to pay the Authority's Facility Cost shall be deposited in the Acquisition Account. The amount of such proceeds shall not exceed the amount of the Authority's Facility Cost except as otherwise provided for herein. If the proceeds from the initial issuance of Authority Debt to pay the Authority's Facility Cost are less than the corresponding amount set forth on page A-2 in Exhibit A, the Authority may issue additional Authority Debt at a later date or dates to pay the remaining portion of the Authority's Facility Cost so long as the aggregate amount of proceeds of all Authority Debt which then have been or will be used to pay the Authority's Facility Cost does not exceed the corresponding amount set forth on page A-2 in Exhibit A.

Section 2.2 Sale and Conveyance of Facility to Authority. The Educational Institution has executed and delivered to the Authority a warranty deed, which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof, conveying and vesting in the Authority the Educational Institution's interest in the title to the Site, and the Educational Institution has executed and delivered to the Authority a bill of sale conveying and vesting in the Authority the Facility as acquired, constructed and installed by the Educational Institution.

Prior to or contemporaneously with the execution of this Lease, the Educational Institution shall deliver with the warranty deed a commitment for issuance of a title insurance policy acceptable to the Authority and as soon as practicable thereafter a title insurance policy issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost, each of which shall be subject only to the encumbrances and reservations which are acceptable to the Authority and which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof.

Contemporaneously with the delivery of this Lease, the Authority shall, pursuant to the Resolution, assign its rights in, and pledge any moneys receivable under this Lease other than indemnity and certain of the insurance payments to be paid to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease, if any, to the Trustee as security for the payment of certain obligations of the Authority. The State and the Educational Institution hereby consent to such assignment. The Authority shall reserve the right to enforce in its own name and for its own benefit, certain of the obligations of the State and the Educational Institution to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease.

Section 2.3 Price and Manner of Payment by Authority for Facility. The Authority shall pay to the State or the Educational Institution, as the case may be, as the purchase price for the Facility the amount paid or incurred by the State or the Educational Institution, as the case may be, for the Authority's Facility Cost, but the total amount paid by the Authority for the Facility shall not exceed the amount approved by Section 2.1. The purchase price for the Facility shall be paid on behalf of the Authority by the Trustee to the Educational Institution or the State from time to time from moneys in the Acquisition Account upon presentation of the requisition certificates (which shall constitute covenants of the Educational Institution or the State to the Authority and the Trustee). The Educational Institution shall convey the Site to the Authority without cost to the Authority.

Section 2.4 Disbursements From Acquisition Account. The Authority in the Resolution has authorized the Trustee to make payments from the Acquisition Account to pay the Authority's Facility Cost subject to this Lease, upon receipt of a requisition certificate signed by an authorized official of the Educational Institution or the State and approved by the Authority stating with respect to each payment to be made: (i) the requisition certificate number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) a description of the Authority's Facility Cost covered by such requisition certificate and a statement that the payment is being made for a cost or expense properly chargeable to the

Acquisition Account, (iv) the amount to be paid, (v) that each obligation mentioned therein is a proper charge against the Acquisition Account, and has not been the basis of any previous payment, (vi) that the cost to the Educational Institution or the State of the portion of the Facility covered by the requisition certificate is not less than the amount to be paid to the Educational Institution or the State thereunder, (vii) that all bills of sale necessary to vest title to the portion of the Facility covered by the requisition certificate in the Authority have been executed and delivered or assigned by the Educational Institution or the State to the Authority, (viii) that neither the Educational Institution nor the State is in default under this Lease and that nothing has occurred to the knowledge of the State or the Educational Institution which prevents the performance of the Educational Institution's or the State's obligations under this Lease, and (ix) that after the payment of such requisition the amount on deposit in the Acquisition Account together with other moneys to be available, including anticipated proceeds, if any, from the issuance of additional Authority Debt, will be sufficient to acquire the Facility.

The Educational Institution shall also provide the Authority and the Trustee with the information identified in the Construction Agreement. The State and the Educational Institution shall permit the Authority and the Trustee, upon request, to inspect the records of the State and the Educational Institution relating to the Authority's Facility Cost.

Section 2.5 Certificate of Tenantability and Certificate of Partial Tenantability. The completion date of the entire Facility and the payment of the entire Total Facility Cost shall be evidenced to the Trustee, the Authority, the State and the Educational Institution by the Certificate of Tenantability signed by the Architect or by an appropriate official of the Educational Institution to the effect that, except for any Total Facility Cost not then due and payable, or the liability for payment of which is being disputed by the Educational Institution, construction of the Facility has been completed in accordance with the Plans and the entire Total Facility Cost has been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon filing of the Certificate of Tenantability, the Educational Institution shall occupy the entire Facility for the purpose specified.

If a portion of the Facility is completed prior to the completion date of the entire Facility, such partial completion shall be evidenced to the Trustee, the Authority, the State and the Educational Institution by the Certificate of Partial Tenantability filed by the Architect or by an appropriate official of the Educational Institution setting forth that the portion of the Facility indicated is complete and tenantable, that said portion has been completed in accordance with the plans and the square footage of the Facility. If different portions of the Facility from time to time are completed, the Architect may execute and deliver from time to time several Certificates of Partial Tenantability conforming to the requirements set forth in this section. Upon filing of the Certificate of Partial Tenantability, the Educational Institution shall be deemed to have occupied the portion of the Facility described in such certificate.

Section 2.6 Name of the Facility. The name of the Facility shall be designated by the Educational Institution.

ARTICLE III

LEASE OF FACILITY

Section 3.1 Term of This Lease. The term of this Lease shall commence on the date of its execution and shall continue for the period, not to exceed thirty-five (35) years, unless sooner terminated as herein provided.

Section 3.2 Lease of Facility. In consideration of the Rental and other terms of this Lease, the Authority leases the Facility to the State and the Educational Institution and the State and the Educational Institution lease the Facility from the Authority for the term of this Lease.

Section 3.3 Rental. The State shall pay to the Authority for and on behalf of the Educational Institution for the use of the Facility during the term of this Lease, Rental in the annual amounts set forth in Exhibit C hereto, which amounts shall be certified by the appraiser and approved by the State Administrative Board and the Authority as authorized by Act 183 payable monthly on an annualized basis (except as hereinafter provided) on or before the first day of each month prior to the termination of this Lease.

The full Rental shall commence on the first day of the first month following the date of the filing of the Certificate of Tenantability, but not earlier than the dated date of this Lease.

When a Certificate of Partial Tenantability is filed and until a Certificate of Tenantability is filed, the State shall pay to the Authority for and on behalf of the Educational Institution for the use of a portion of the Facility monthly in equal amounts (except as hereinafter provided) a portion of the full Rental described above. The partial rental amount shall be computed by multiplying the percentage computed by dividing the gross square footage that is tenantable as described in all Certificates of Partial Tenantability then filed by the total gross square footage of the Facility times the full amount of the Rental.

The Executive Director of the Authority shall notify the State Administrative Board of failure to complete the Facility in the event that the Facility is not completed within six months of the Contract Completion Date, or prior thereto if the Authority, the Educational Institution and the State (acting through the Department of Technology, Management and Budget) shall so agree, and the State Administrative Board shall promptly thereafter designate an appraiser. The appraiser shall determine on a functional basis the percentage of completion of the Facility as of the date that such appraisal is made and shall report such percentage to the Authority, the State, the Educational Institution and the Trustee. The State shall pay to the Authority, for and on behalf of the Educational Institution, for use of a portion of the Facility, monthly in equal amounts on an annualized basis (except as hereinafter provided) a portion of the full Rental computed by multiplying the percentage reported by the appraiser times the full amount of the Rental set forth above, the first of such partial Rentals to commence on the first day of the first month following the date of the filing of the appraiser's report. If after payment of a partial

Rental under the circumstances above described, further Certificates of Partial Tenantability are filed, the appraiser shall recalculate the percentage of completion each time and shall file with the Authority, the State, the Educational Institution and the Trustee a report setting forth the revised percentage and such revised percentage shall be the basis for computation from time to time of the partial Rental until the Certificate of Tenantability is filed.

The first monthly Rental payment or partial Rental payment in each case shall be paid on the last day of the month in which the Certificate of Tenantability or the Certificate of Partial Tenantability, as the case may be, is filed and shall be in an amount equal to the annual Rental calculated as above provided divided by 365 and multiplied by the number of days between the date of filing the Certificate of Tenantability or the Certificate of Partial Tenantability and the date on which the next Rental payment or partial Rental payment is due.

The Educational Institution consents to payment of the Rental or partial Rental on behalf of the Educational Institution by the State directly to the Trustee as provided in the Resolution.

If for any reason other than because of any act or omission of the State, the Educational Institution, or any of their agents or employees (whether negligent or otherwise) the Facility becomes untenable or partially untenable, no Rental, or partial Rental only, shall be paid for the period the Facility is untenable or partially untenable, and the Rental payments shall be adjusted accordingly by the mutual agreement of the parties hereto; provided, however, that if the Facility is totally or partially destroyed, the provisions of Section 4.4 hereof shall apply in lieu of the provision of this paragraph. For purposes of this Lease the Facility shall not be deemed wholly untenable if the Facility or any portion thereof can be used by the Educational Institution or the State for any lawful governmental purpose.

The Governor of the State shall, consistent with Act 183, include in the annual executive budget of the State for each year during the term of this Lease an amount sufficient to pay the Rental required to be paid in such year by the State on behalf of the Educational Institution, to the Authority or its assignee. The State is hereby contractually obligated to provide each year adequate appropriations in order to pay the Rental when due, the Rental being an ordinary annual expense and contract obligation of the State. This provision shall not be deemed a waiver of the State's governmental immunity or its right to invoke or waive governmental immunity.

ARTICLE IV

OPERATION, MAINTENANCE AND INSURANCE OF FACILITY

Section 4.1 Operation of Facility. During the term of this Lease, the Educational Institution agrees to use the Facility for a lawful governmental purpose. The State and the Educational Institution may locate and use any of their own personal property in the furtherance of such purpose in or on the Facility and such personal property shall remain the property of the State or the Educational Institution and shall not become part of the Facility and shall not be subject to this Lease. If the personal property of the State or the Educational Institution so

located in or on the Facility cannot be readily distinguished from the real and personal property comprising the Facility by reference to page A-1 in Exhibit A or other records of the Authority, then such personal property of the State or the Educational Institution shall remain identified as property of the State or the Educational Institution by tags or other symbols attached thereto or otherwise clearly associated therewith, and any such items of personal property not so identified shall be presumed to be part of the Facility, but such presumption shall not be conclusive.

The Educational Institution shall pay all costs and expenses incurred in the operation of the Facility, or arising in connection therewith, including, but not limited to all governmental charges or taxes (or payments in lieu of taxes), if any, levied on the Facility or the operation thereof, and all charges for utility services supplied to, or used in the operation of, the Facility and all charges for insurance required by this Lease. Insofar as it may be lawfully done, the Authority shall be free from all costs, expenses and obligations of operation and maintenance of the Facility, except as otherwise expressly provided herein, and free from all taxes, assessments and other governmental charges, and that this Lease shall be a "net lease," and the State on behalf of the Educational Institution shall pay the Rental throughout the term of this Lease.

Section 4.2 Maintenance and Repair of the Facility. The Educational Institution shall not cause or permit any waste, damage or injury to the Facility. During the term of this Lease, the Educational Institution shall, at its own expense, keep the Facility in good condition and repair (reasonable wear and tear and damage by act of God, fire, or other causes beyond the control of the Educational Institution excepted). The Educational Institution shall indemnify the Authority, its members, officers, agents or employees, against all costs, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees, arising out of the Educational Institution's failure to comply with the foregoing covenant to the extent permitted by law.

Section 4.3 Insurance. From the date hereof, the Educational Institution shall, at its own expense, keep the Facility insured against all of the following provided that the Educational Institution shall not be required to carry a particular type of insurance as set forth during any time period that such insurance is not available in the insurance market of the United States:

(a) "All Risk" building insurance, including extended coverage, vandalism and malicious mischief, and sprinkler damage in an amount equal to 100% of the full replacement cost of the Facility with a deductible not to exceed \$50,000.

(b) Loss or damage from explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in an amount customary to be carried in buildings of character and purpose similar to the Facility with a deductible not to exceed \$50,000.

(c) Loss of rental, under a rental value insurance policy, resulting from any of the hazards described in subparagraphs (a) and (b) in an amount not less than 300% of the then full annual Rental fixed by this Lease, including all Rental agreed to be paid by the State hereunder, or, in the event of reconstruction of all or any portion of the Facility pursuant to

Section 4.4, such greater or lesser amount as shall be necessary to assure Rental payments during the reconstruction period.

(d) Commercial General Liability for combined property damage and bodily injury with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per location with a deductible not to exceed \$50,000 per occurrence.

Except as hereinafter provided, all insurance policies required hereby shall be issued by insurers fully qualified under the laws of the State to provide that form of insurance in the State. Each policy issued for this Facility shall include as named insureds or additional insureds and loss payees, the Authority and its trustees, officers, agents and employees, the Educational Institution, the State and its officers, agents or employees and the Trustee as their interests may appear. Inclusion of trustees, officers, agents and employees of the Authority as insured parties is not intended to and shall not constitute a consent to or an agreement that such trustees, officers, agents and employees shall in any way be liable for any matters arising out of the acquisition, leasing, ownership or financing of the Facility and such inclusion shall not constitute a waiver of immunity of such trustees, officers, agents and employees from any such liability. All casualty loss proceeds shall be payable to the Authority, and used as provided in Section 4.4 hereof or in the Resolution. All rental insurance proceeds shall be payable to the Authority and applied as provided in the Resolution. All liability insurance proceeds shall be payable to the Authority, its officers, agents and employees, the State, the Educational Institution and the Trustee, as their interests appear. All policies shall contain a provision that they may not be canceled or non-renewed or substantially reduced as to coverage without thirty days' prior written notice to the Authority, the Trustee, the Educational Institution and the State. The policies of insurance described in the above subparagraphs (a), (b) and (d) may contain additional deductible and coinsurance features, but only if the State or the Educational Institution has set aside in a separate fund an amount sufficient to pay the amount required under any such additional coinsurance or deductible feature in the full amount or has otherwise provided for the payment of such amounts in a manner satisfactory to the Authority. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied through blanket insurance policies covering other properties of the Educational Institution or the State; provided that such blanket insurance will provide the full coverage required herein for the Facility and at the same time provide full coverage for all other buildings and facilities covered by such blanket insurance policies unless such blanket insurance policy or policies provide for full coverage of the Facility prior to any coverage of the other properties of the Educational Institution. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied by a fully funded self-insurance program of the State or the Educational Institution or a self insurance pool in which the State or the Educational Institution is a participant; provided that such self-insurance program or pool will provide the full coverage required herein for the Facility. The Educational Institution shall supply evidence of the acquisition and maintenance of the insurance and other funding in lieu thereof, if any, required by this Lease by filing copies of the insurance policies or certificates evidencing such insurance on Acord Form 25-S or other form acceptable to the Authority or other funding satisfactory to the Authority and the Trustee.

Upon the filing of a Certificate of Tenantability or a Certificate of Partial Tenantability and annually thereafter on January 1st of each year the Educational Institution will file with the Authority a certificate signed by an authorized officer which shall state that the insurance required by this Section 4.3 is in full force and effect.

In the event the Educational Institution fails to maintain the insurance as required herein, the Authority or the Trustee may secure such insurance. The Educational Institution agrees to reimburse the Authority or the Trustee for the cost of any such insurance.

The Authority hereby waives any claim of liability against the State and the Educational Institution, and their officers, agents or employees, for any loss or damage to the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the State or the Educational Institution or their officers, agents or employees, to the extent that the amount of such loss or damage is covered by such insurance and in fact recovered by the Authority. The State and the Educational Institution hereby waive any claim of liability against the Authority or its trustees, officers, agents or employees, for any loss or damage to property, fixtures and equipment owned, maintained, erected or installed by the State or the Educational Institution in and about the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the Authority, its officers, agents or employees, to the extent that the amount of such loss or damage is covered by insurance and in fact recovered. To the extent obtainable, any insurance policy carried by the Educational Institution, the State or the Authority under this Lease or with respect to the Facility or any part thereof shall contain a provision that any right of subrogation which the insurance company may have against either the State or its officers, agents or employees, the Authority or its officers, trustees, agents or employees, or the Educational Institution is waived.

Section 4.4 Destruction of Facility. In the event of total or partial destruction of the Facility during the term of this Lease:

(a) If such total or partial destruction occurs as a result of any act or omission on the part of the State or the Educational Institution or any of their agents or employees (whether negligent or otherwise), the Educational Institution in the case of its act or omission and the State in the case of its act or omission shall, at its sole expense (from insurance proceeds or other sources, including payment by the Educational Institution), replace or repair the Facility to the reasonable satisfaction of the Authority, and this Lease shall remain in effect and no reduction or abatement of the Rental shall be permitted the Educational Institution or the State acting on behalf of the Educational Institution, and the Educational Institution or the State shall be entitled to receive all insurance payments.

(b) If the total or partial destruction of the Facility occurs for causes not described in clause (a) of this Section 4.4, and the Authority demonstrates within 180 days from the occurrence of such partial or total destruction to the reasonable satisfaction of the Educational Institution that it has sufficient funds (from insurance proceeds or other sources including payments by the Educational Institution) available to repair or replace the Facility

within the period for which the rental value insurance described in Section 4.3(c) is actually then in force, the State or Educational Institution may repair or replace the Facility if the estimated "true rental" after such repair or replacement determined in the same manner that "true rental" was determined in the original instance shall not be less than the Rental prior to such destruction and if it is estimated that through the insurance described in Section 4.3(c), together with any other funds legally available therefor, there will be sufficient moneys available to the Authority during any period that the Rental may be suspended or reduced because of such destruction to fully offset the amount of the loss of Rental and to pay the principal and interest requirements on outstanding Authority Debt and any other obligations of the Authority secured by the Rental coming due. If the Facility is to be repaired or replaced the Authority shall pay to the State or the Educational Institution the cost of repair or replacement of the Facility in the amount incurred by the State or the Educational Institution for the repair or replacement of the Facility, and this Lease shall remain in effect, but the Rental shall be equitably adjusted by the mutual agreement of the parties according to the extent and time of the loss of the use of the Facility by the Educational Institution.

(c) If the Authority does not or cannot so demonstrate availability of funds to repair or replace the Facility, then this Lease may be terminated by either the State, the Educational Institution or the Authority upon thirty days' written notice to the other parties, and all Rental of the State on behalf of the Educational Institution hereunder shall cease from the date of such termination, in which event all insurance proceeds shall be applied as provided in the Resolution. If the Facility is partially destroyed, but the remaining Facility is usable by the State or the Educational Institution, then the Rental shall be reduced, if necessary, to reflect the "true rental" of the remaining Facility, the annual amounts of such "true rental" of the remaining Facility to be determined in the same manner that "true rental" was determined in the original instance.

(d) Insurance proceeds shall be paid to the Authority and used as provided in Section 4.4(b), for the repair or replacement of the Facility by the State or the Educational Institution. If the Facility is not repaired or replaced, or if the cost of repair or replacement does not exhaust the amount of insurance proceeds received, the balance of the proceeds shall be applied as provided in the Resolution. In the event surplus funds remain after application of insurance proceeds as provided in the Resolution, then such surplus shall be paid to the State to be credited to its General Fund.

(e) If the Facility is to be replaced by new facilities which are substantially dissimilar in construction or use from the original facilities, then the Facility shall not be replaced unless the plans and specifications are approved by the Authority and the State (State approval shall be evidenced by the approval of the State Administrative Board and by a concurrent resolution of the legislature concurred in by a majority of the members elected to and serving in each house).

Section 4.5 Improvements to the Facility. The Educational Institution may make any Improvements to the Facility as it deems necessary or desirable, provided that (a) all Improvements to the Facility constituting real property shall become the property of the

Authority and subject to this Lease immediately upon the placement thereof in the Facility, and (b) the Educational Institution shall indemnify the Authority and its trustees, officers, agents and employees, from any and all losses, damages, liabilities or claims arising from or in connection with the making of such Improvements to the Facility by the Educational Institution to the extent permitted by law.

At the request of the State or the Educational Institution, the Authority may, but shall not be required to, acquire or construct Improvements to the Facility. In such event, this Lease shall be supplemented to increase the annual amounts of Rental payable hereunder so long as such amounts do not exceed the "true rental" value of the Facility after acquisition of the Improvements to the Facility as determined and approved pursuant to Sections 1(e) and 7 of Act 183.

If requested by the Educational Institution, the Authority shall grant an easement for construction purposes on the Site to the Educational Institution in form and substance satisfactory to the Attorney General of the State.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Events of Default. The term "Events of Default" shall mean, whenever used in this Lease, any one or more of the following events:

(a) Failure to pay the Rentals required to be paid under Section 3.3 at the times specified therein.

(b) Failure by the State or the Educational Institution to observe and perform any of their respective covenants, or obligations in this Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, given to the State and the Educational Institution by the Authority or the Trustee; provided, however, that if such Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the State on behalf of the Educational Institution or the Educational Institution within such period and diligently pursued until the Default is corrected.

(c) An event of default under the Construction Agreement.

The term "Default" shall mean Default by the State or the Educational Institution in the performance or observance of any of their respective covenants or obligations in this Lease, exclusive of any period of grace required to constitute an Event of Default.

Section 5.2 Remedies. Upon the occurrence of an Event of Default, the Authority or its assignees, and the Trustee shall be entitled to use and exercise any and all remedies provided by law to correct such Default, including, but not limited to, the remedies provided in Act 183.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Assignment of Lease. The Educational Institution (with the consent of the Authority and the State) and the State (with the consent of the Authority) may at any time make any assignment of their interest under this Lease for a use not prohibited by Act 183, provided, however, that (a) the State shall remain liable for all Rental and other obligations of the State under this Lease, (b) the Educational Institution shall remain primarily liable for its obligations under this Lease and (c) no assignment shall be made which would cause the interest on Authority Debt to become included in gross income for federal or State income tax purposes.

Section 6.2 Entry. The Authority, through its officers, agents, or employees, shall have the right at reasonable times of entering the Facility for the purpose of inspecting the Facility to determine compliance with this Lease.

Section 6.3 Amendment to Lease. No amendment to this Lease shall be effective unless the amendment is in writing and is executed by the duly authorized officers of the Authority, the State and the Educational Institution and all requirements of Act 183 are satisfied.

Section 6.4 Personal Liability. The covenants and obligations made, assumed by or imposed upon the State, the Authority or the Educational Institution in this Lease are those of the State, the Authority or the Educational Institution and not of any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution in his or her individual capacity and no recourse shall be had for the payment of the Rental or any other moneys required to be paid by this Lease or for the performance of any other obligation required of the State, the Educational Institution, or the Authority under this Lease against any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution or any person executing or attesting to this Lease or the Resolution.

Section 6.5 Notices. All notices, certificates or other communications under this Lease shall be sufficiently given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Authority, the State, the Educational Institution or the Trustee, as the case may be, at the Authority's Address, the State's Address, the Educational Institution's Address or the Trustee's Address, respectively. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority, the State, the Educational Institution or the Trustee shall also be given to the others.

The Authority, the State, the Educational Institution and the Trustee may by written notice designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

Any notice given to the Educational Institution under this Lease shall also be given to the State if the Educational Institution's interest in the construction contract is assigned in accordance with this Lease.

Section 6.6 Entire Agreement. This Lease contains all agreements between the parties with respect to the Facility, and there are no other representations, warranties, promises, agreements or understandings, oral, written or inferred, between the parties, unless reference is made thereto herein.

Section 6.7 Severability. If any clause, provision or section of this Lease shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 6.8 Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

Section 6.9 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit the scope or intent of any provision of this Lease.

Section 6.10 Applicable Law. This Lease shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State.

Section 6.11 Quiet Enjoyment. The Authority covenants that the State and the Educational Institution, upon compliance with the terms of this Lease, shall peacefully and quietly have and hold and enjoy the Facility for the term herein provided, subject to any and all rights of the Authority or its assignees under this Lease.

Section 6.12 Title. After Authority Debt and any additional Authority Debt authorized as provided in the Resolution and any and all other obligations of the Authority which pledge for their payment the Rental, are paid in full or provision for the payment thereof is made as provided in the Resolution or proceedings authorizing any such other obligations of the Authority, and upon request by the Educational Institution, the Authority shall convey title of the Facility to the Educational Institution for consideration of \$1.00 and the Educational Institution's assumption of all monetary obligations and legal responsibilities for the operation and maintenance of the Facility. The Authority, the State and the Educational Institution hereby specifically agree that the obligations of the State to pay the Rental and perform the other duties and obligations of each specified in this Lease do not depend upon the conveyance of the title to the Facility to the Educational Institution as herein provided and each warrants and represents that this Lease would be executed and delivered by each of them even if title would not pass, it

being understood that the passage of title is merely incidental to this Lease and that the Rental is not greater than the economic or market value to the State and the Educational Institution for the use of the Facility over and above estimated expenses of operation, maintenance and repair of the Facility, not taking into account passage of title to the Facility as provided in this Section.

Section 6.13 Binding Effect. This Lease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

Section 6.14 Declaration of Governmental Function. The Authority, the State and the Educational Institution, in accordance with Act 183, hereby specifically declare the acquisition of the Facility is intended to serve an essential governmental function and nothing herein is to be construed to conclude a contrary intent.

Section 6.15 Tax Covenant. The State and the Educational Institution covenant and agree that to the extent permitted by law, they shall each take all actions within their control and that they shall not fail to take any action as may be necessary to provide for and maintain the exclusion of the interest on the Authority Debt from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and that they shall not use the Facility in any manner which would cause the Authority Debt to be Private Activity Bonds (as defined in the Code); provided, however, that this Section shall not be effective with respect to the Authority Debt, the interest on which is determined by the Authority as of the date of their issuance to be not excludable from gross income for federal income tax purposes under the Code.

Section 6.16 Construction of Lease. For all purposes this document and the transaction created hereby shall be construed as a true lease, and is not intended to create "state indebtedness" as that term is used in Section 12 of Article 9 of the Michigan Constitution of 1963. Any provisions contained herein which at any time shall be held by a court of competent jurisdiction to cause this Lease to constitute an "evidence of state indebtedness" pursuant to Section 12 of Article 9 of the Michigan Constitution of 1963, shall be deemed invalid subject to the right of the State, the Educational Institution or the Authority to timely appeal such holding. Nothing in this Lease shall be construed as a surrender by the Educational Institution of any of its rights, prerogatives or independence under Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963. Nothing in this Lease shall be construed as requiring or obligating the Authority to issue or sell Authority Debt.

IN WITNESS WHEREOF, the STATE BUILDING AUTHORITY, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, by its Board of Trustees, have executed this Lease by its duly authorized officers the day and year first above written.

STATE BUILDING AUTHORITY

By _____

Chairperson
Board of Trustees

By _____

Executive Director

STATE OF MICHIGAN

By _____

Governor

By _____

Secretary of State

OAKLAND UNIVERSITY

By _____

By _____

EXHIBIT A

Project Description

Oakland University Human Health Building

The Oakland University Human Health Building is a five story, 165,126 square foot state-of-the-art instruction, research, and practice center for the Oakland University School of Nursing and School of Health Sciences. This facility will house new classrooms, labs, clinics and administrative office space. The structure is made up of steel frame with an exterior of masonry wall, glass curtain wall and panelized rain screen system.

Project Costs

Oakland University
Human Health Building

<u>Categories of Costs</u>	<u>State Building Authority's Cost of Facility</u>	<u>State Appropriations</u>	<u>Other</u>	<u>Total Facility Cost</u>
1. The Structure, Services and Site Improvements (general, mechanical, electrical, and fixed equipment)	\$33,446,108	\$200	\$20,997,890	\$54,444,198
2. Furnishings and Equipment (furniture, movable equipment, etc., not considered a part of the structure nor requiring fixed mechanical and/or electrical services)	4,094,538	0	2,226,242	6,320,780
3. Professional Services and Supervision (architectural fees, engineering services, and construction inspection)	<u>2,459,154</u>	<u>0</u>	<u>1,337,068</u>	<u>3,796,222</u>
TOTAL ESTIMATED PROJECT COST	\$39,999,800	\$200	\$24,561,200	\$64,561,200

EXHIBIT B

Legal Description

Oakland University Human Health Building

Part of the West one-half of the northeast one-quarter of Section 13, Town 3 North, Range 10 West, Pontiac Township, Oakland County, Michigan, being more particularly described as commencing at the North one-quarter corner of Section 13, thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 784.26 feet to the point of beginning; thence $N89^{\circ}13'36''E$ 602.32 feet; thence $N25^{\circ}07'03''E$ 258.64 feet; thence $N64^{\circ}57'14''W$ 217.58 feet; thence $N89^{\circ}57'14''W$ 543.61 feet to the North-South one-quarter line; thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 336.09 feet to the point of beginning; which legal description may be modified to conform to the as built survey upon completion of the project and may also be modified to encompass walkways, driveways, loading docks, access easements, parking areas, and other similar appurtenances provided that the overall footprint of the facility building does not vary more than 300 feet in any direction from the legal description set out above.

EXHIBIT C

Annual Rental Amounts

Oakland University
Human Health Building

\$2,743,000 - \$3,587,000

SAMPLE

PARKING, PEDESTRIAN, UTILITY LINE,
PARTY WALL, AND ENCROACHMENT AGREEMENT
PERTAINING TO THE OAKLAND UNIVERSITY
HUMAN HEALTH BUILDING

1. Date. The date of this Agreement is _____ 1, 20__.
2. Parties. The parties to this Agreement are OAKLAND UNIVERSITY, a Michigan constitutional body corporate, created and maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963, whose address is 204 Wilson Hall, Rochester, Michigan 48309, acting by and through its Board of Trustees (the "University"), and the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act No. 183, Public Acts of Michigan, 1964, as amended, whose address is Department of Technology, Management and Budget, Lewis Cass Building, 320 South Walnut, 1st Floor, Lansing, Michigan 48933 (the "Authority").
3. Background and Certain Definitions. Together with the State of Michigan and the University, the Authority is involved in funding and causing the construction of a University project known as the Human Health Building. In connection with this transaction, a parcel of real estate that will receive funding under the Human Health Building project has been conveyed by the University to the Authority (the "Authority Parcel" described in attached Exhibit A). Concurrently with the University's conveyance of the Authority Parcel to the Authority, the Authority Parcel has been leased back to the University by the Authority under the terms and conditions of a lease dated on or about the date of this Agreement (the "Lease"). As set forth in this Agreement, the parties have agreed that, if the Authority regains possession of the Authority Parcel due to an Event of Default under the Lease, certain easements and agreements will spring into existence to address parking, pedestrian traffic, Utility Lines, party walls, and encroachments in connection with the Authority Parcel and in connection with certain real estate owned by the University (the "University Parcel" described in attached Exhibit B). This Agreement sets forth the terms and conditions of these springing easements pertaining to parking, pedestrian traffic, Utility Lines, party walls, and encroachments. In this Agreement, the term "Event of Default" has the meaning given to it in the Lease (where, generally, an "Event of Default" is any default by the University under the terms and conditions of the Lease, including a failure to pay rent as specified by the Lease). The term "Utility Lines" means existing and/or future lines, pipes, cables, and routes for utilities including, without limitation, water, heating hot water, storm

sewer, sanitary sewer, electricity, gas, telephone, emergency telephone, fire alarm, data communication, and steam.

4. Consideration. Each party acknowledges that the consideration for its receipt of rights under this Agreement is the granting of rights under this Agreement to the other party.

5. Springing Parking Facilities Easement. The University, for itself and its successors and assigns, grants to the Authority, and to the Authority's successors and assigns, to take effect immediately and automatically upon the occurrence of an Event of Default under the Lease, an appurtenant and nonexclusive easement for parking spaces proximate to, and for the benefit of, the Authority Parcel (the "Parking Facilities"). If parking spaces do not exist on the University Parcel on the date of the Event of Default under the Lease, this paragraph and the following paragraph of this Agreement are null and void. If parking spaces exist on the University Parcel on the date of the Event of Default under the Lease, the University will use its best efforts, in good faith, to identify a number of parking spaces sufficient to serve the reasonable day-to-day needs of the Authority Parcel, and such identified spaces will constitute the Parking Facilities that are the subject of this paragraph and the following paragraph. The Parking Facilities may be located on any portion or portions of the University Parcel, at the discretion of the University; provided, however, that the location of the Parking Facilities must be reasonably convenient to the Authority Parcel. The precise location of the Parking Facilities must be designated by the University at the time that the parking easement springs into existence (and not later than 120 days after the Event of Default giving rise to the easement). The Authority's use of the Parking Facilities is subject to the University's reasonably exercised discretion in the establishment and maintenance of parking fees and parking regulations; provided, however, that the University's fees and regulations must not make it unreasonably burdensome or unfeasible for the Authority to use the Parking Facilities.

6. Maintenance of Parking Facilities. After the Parking Facilities easement springs into existence, the University, at its expense, will maintain (or cause to be maintained) the Parking Facilities in serviceable condition in view of their intended use and in a manner that does not unreasonably interfere with the use of the Authority Parcel. After the Parking Facilities easement springs into existence, if the University fails to maintain (or cause to be maintained) the Parking Facilities in serviceable condition, and/or the maintenance unreasonably interferes with the use of the Authority Parcel, the Authority may give written notice to the University specifying the maintenance failure and/or the unreasonable interference. If, within twenty (20) days after receipt of the Authority's written notice, the University fails to proceed with due diligence to perform maintenance and/or cease interference, the Authority may, at its option, spend its own funds (in amounts that are reasonable in light of the objectives) to effect maintenance and/or alleviate interference, and the University will promptly reimburse the Authority for all such expenditures.

7. Springing Mutual Pedestrian Easements. The University, for itself and its successors and assigns, grants to the Authority, and to the Authority's successors and assigns, to take effect immediately and automatically upon the occurrence of an Event of Default under the Lease, an appurtenant and nonexclusive easement for the benefit of the Authority Parcel for pedestrian ingress, pedestrian egress, and pedestrian passage on, over, upon, through, and across the University Parcel for the purposes of allowing pedestrians (a) to walk freely between the University Parcel and the Authority Parcel, (b) to walk freely between public streets and the Authority Parcel, by way of the University Parcel; and (c) to continue to use passageways, entranceways, corridors, tunnels, stairwells, hallways, ramps, roads, and/or sidewalks on the University Parcel that are necessary and/or convenient for ingress to and egress from the Authority Parcel; provided, however, that the University may, from time to time, regulate pedestrian passage on, over, upon, through, and across the University Parcel in a manner that is consistent with the University's utilization, from time to time, of the University Parcel. The Authority, for itself and its successors and assigns, grants to the University, and to the University's successors and assigns, to take effect upon the occurrence of an Event of Default under the Lease, an appurtenant and nonexclusive easement for the benefit of the University Parcel for pedestrian ingress, pedestrian egress, and pedestrian passage on, over, upon, through, and across the Authority Parcel for the purposes of allowing pedestrians to walk freely between the University Parcel and the Authority Parcel; provided, however, that the Authority may, from time to time, regulate pedestrian passage on, over, upon, through, and across the Authority Parcel in a manner that is consistent with the Authority's utilization, from time to time, of the Authority Parcel.

8. Maintenance of Pedestrian Easements. After the pedestrian easements spring into existence, the University, at its expense, will maintain (or cause to be maintained) the University Parcel in serviceable condition in view of its intended use by pedestrians, and in a manner that does not unreasonably interfere with pedestrian use of the Authority Parcel.

9. Springing Mutual Utility Line Easements. The University, for itself and its successors and assigns, grants to the Authority, and to the Authority's successors and assigns, to take effect immediately and automatically upon the occurrence of an Event of Default under the Lease, an appurtenant and nonexclusive easement for the benefit of the Authority Parcel for purposes of installing, constructing, connecting to, operating, maintaining, repairing and replacing Utility Lines on, over, upon, through, under, and across the University Parcel; subject, however, to the following conditions: (a) the Authority may not utilize the Utility Line easement in a manner that unreasonably interferes with the University's use of the University Parcel; (b) the Authority will use its best efforts, in good faith, to utilize the Utility Line easement in a manner that does not interfere with current or future improvements on the University Parcel; (c) the Authority will use its best efforts, in good faith, to coordinate Authority Utility Lines with University Utility Lines to promote the efficient use of Utility Lines and to discourage the duplication of Utility Lines; (d) any installing, constructing, connecting to, operating, maintaining, repairing and/or replacing Utility Lines by the Authority will not be at the University's

expense; and (e) any damage to the University Parcel caused by the Authority's use of this Utility Line easement will be promptly repaired but not at the University's expense. Similarly, the Authority, for itself and its successors and assigns, grants to the University, and to the University's successors and assigns, to take effect upon the occurrence of an Event of Default under the Lease, an appurtenant and nonexclusive easement for the benefit of the University Parcel for purposes of installing, constructing, connecting to, operating, maintaining, repairing and replacing Utility Lines on, over, upon, through, under, and across the Authority Parcel; subject, however, to the following conditions: (a) the University may not utilize the Utility Line easement in a manner that unreasonably interferes with the Authority's use of the Authority Parcel; (b) the University will use its best efforts, in good faith, to utilize the Utility Line easement in a manner that does not interfere with current or future improvements on the Authority Parcel; (c) the University will use its best efforts, in good faith, to coordinate University Utility Lines with Authority Utility Lines to promote the efficient use of Utility Lines and to discourage the duplication of Utility Lines; (d) any installing, constructing, connecting to, operating, maintaining, repairing and/or replacing Utility Lines by the University will be at the University's expense; and (e) any damage to the Authority Parcel caused by the University's use of this Utility Line easement will be promptly repaired by the University at the University's expense.

10. Maintenance of Utility Lines. After the Utility Line easements spring into existence the University at its expense, will maintain (or cause to be maintained) University Utility Lines in serviceable condition in view of their intended use and in a manner that does not unreasonably interfere with the use of the Authority Parcel. After the Utility Line easements spring into existence, if the University fails to maintain (or cause to be maintained) University Utility Lines in serviceable condition, and/or the maintenance unreasonably interferes with the use of the Authority Parcel, the Authority may give written notice to the University specifying the maintenance failure and/or the unreasonable interference. If, within twenty (20) days after receipt of the Authority's written notice, the University fails to proceed with due diligence to perform maintenance and/or cease interference, the Authority may, at its option, spend its own funds (in amounts that are reasonable in light of the objectives) to effect maintenance and/or alleviate interference, and the University will promptly reimburse the Authority for all such expenditures.

11. Springing Party Wall Agreement. In this Agreement, the term "Party Wall" means a common boundary line between real estate improvements on the Authority Parcel and real estate improvements on the University Parcel. For example (but without limiting the generality of the definition), a Party Wall would exist if (a) a building or other walled structure on the Authority Parcel and a building or other walled structure on the University Parcel share a common wall, and/or (b) a passageway, entranceway, corridor, tunnel, stairwell, hallway, ramp, road, and/or sidewalk on one Parcel connects, interfaces, and/or adjoins with an improvement on the other Parcel. The following Party Wall agreement (consisting of the following subparagraphs) will take effect only upon the occurrence of an Event of Default under the Lease:

- (a) Either party, at its discretion, may maintain and repair a Party Wall in any reasonable manner; provided that such maintenance and/or repair does not, from the vantage point of the other party's Parcel, materially alter the structure, function, or appearance of the Party Wall.
- (b) If a party causes damage or destruction to a Party Wall, the damaging party must repair (or cause to be repaired) the damage in a manner that does not, from the vantage point of the other party's Parcel, materially alter the structure, function, or appearance of the Party Wall.
- (c) If a Party Wall is damaged or destroyed and neither party is a material cause of the damage or destruction, then the parties may re-build, abandon, re-design, expand, contract, or otherwise address the damage in any mutually agreeable manner. If the parties reach no mutual agreement within ninety (90) days after the date of the damage (or, if longer, within ninety days after applicable insurance is adjusted), then the Party Wall must be repaired substantially to its pre-damage condition, and the cost of the repair must be borne equally by the parties.

12. Springing Encroachments Agreement. In this Agreement, the term "Encroachment" means Authority real estate (such as an overhang, eave, building, sidewalk, roadway, tree, or landscaping) located on the University Parcel, or, conversely, University real estate (such as an overhang, eave, building, sidewalk, roadway, tree, or landscaping) located on the Authority Parcel. After the occurrence of an Event of Default under the Lease, each party will tolerate the Encroachments of the other party if the following conditions are met: (a) no part of an Encroachment is more than ten (10) feet distant from its rightful Parcel, (b) no part of an Encroachment interferes materially with the use and enjoyment by the non-encroaching party of the non-encroaching party's Parcel, and (c) the encroaching party, at its expense, maintains its Encroachments.

13. Use of University Parcel. This Agreement does not restrict the University in its use, development, expansion, contraction, and/or improvement of the University Parcel; provided, however, that the University may not use, develop, expand, contract, and/or improve the University Parcel in a manner that materially obstructs the reasonable establishment, operation, and maintenance of the easements and agreements contemplated by this Agreement (easements and agreements that address parking, pedestrian traffic, Utility Lines, party walls, and encroachments in connection with the Authority Parcel and the University Parcel). In this context, the "expansion" of the University Parcel means the expansion of the boundaries of the University Parcel and/or the construction of additional improvements within the boundaries of the University Parcel. The "contraction" of the University Parcel means the contraction of the boundaries of the University Parcel and/or the removal of improvements within the boundaries of the University Parcel.

14. Indemnification. The University, for itself and its successors and assigns, indemnifies the Authority, and its successors and assigns, against all of the Authority's losses, injuries or damages arising out of the exercise by the University (or by its successors, assigns, students, agents, employees, tenants, licensees, and/or invitees) of the University's easement rights under this Agreement.

15. Termination. This Agreement and all easements described in this Agreement are immediately and automatically terminated, null, and void upon fee title to the Authority Parcel re-vesting in the University after termination of the Lease.

16. Binding Nature. This Agreement is binding upon and inures to the benefit of the parties and their respective successors and assigns. Further, this Agreement runs with the land and binds and inures to the benefit of the University Parcel and the Authority Parcel.

17. Notices. Any notice or other writing given pursuant to this Agreement will be sufficiently given when hand delivered, mailed by registered mail, mailed by certified mail, mailed by first class mail, or mailed by overnight mail (such as UPS or Federal Express) to the following addresses, or to such other address as a party may give to the other party by written notice of change of address:

University: Oakland University
204 Wilson Hall
Rochester Hills, Michigan 48309
Attention: President

Authority: State Building Authority
Lewis Cass Building
320 South Walnut, 1st Floor
Lansing, Michigan 48933
Attention: Executive Director

18. Severability. If any provision of this Agreement, or the application of this Agreement to any party or circumstance, is, for any reason and to any extent, invalid or unenforceable, such provision or application is to that extent stricken from the Agreement, and the remainder of the Agreement, and/or the application of the provision to other persons or circumstances, is not affected.

19. Transfer Tax Exemption. This instrument is exempt from county and state transfer taxes pursuant to MCLA § 207.505(h) and MCLA § 207.526(h)(i), respectively.

The parties have caused this Agreement to be executed and delivered as of the date set forth in paragraph 1 above.

STATE BUILDING AUTHORITY,
a public corporation

Deborah M. Roberts, Executive Director

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

The foregoing instrument was acknowledged before me in Ingham County, Michigan this ____ day of _____, 20____, by Deborah M. Roberts, the Executive Director of the State Building Authority, a public corporation, on behalf of the public corporation.

Notary Public

County, Michigan
Acting in Ingham County, Michigan
My Commission Expires: _____

This instrument drafted by
and after recording return to:

Dwight D. Ebaugh, Attorney at Law
Dickinson Wright PLLC
215 South Washington Square, Suite 200
Lansing, Michigan 48933
Telephone (517) 487-4709

SAMPLE

EXHIBIT A

Authority Parcel Relating to the Oakland University Human Health Building

Legal Description

Part of the West one-half of the northeast one-quarter of Section 13, Town 3 North, Range 10 West, Pontiac Township, Oakland County, Michigan, being more particularly described as commencing at the North one-quarter corner of Section 13, thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 784.26 feet to the point of beginning; thence $N89^{\circ}13'36''E$ 602.32 feet; thence $N25^{\circ}07'03''E$ 258.64 feet; thence $N64^{\circ}57'14''W$ 217.58 feet; thence $N89^{\circ}57'14''W$ 543.61 feet to the North-South one-quarter line; thence $S04^{\circ}53'41''E$ along the North-South one-quarter line, 336.09 feet to the point of beginning.

EXHIBIT B

University Parcel Relating to the Oakland University
Human Health Building

The "University Parcel" is the following described real estate **excepting** from the following described real estate the Authority Parcel:

The West one-half of the northeast one-quarter of Section 13, Town 3 North, Range 10 West, Pontiac Township, Oakland County, Michigan, for 80 acres more or less.

LANSING 9694-5 451089v2

SAMPLE