

**The Michael & Marian Ilitch School of Business
Budget Increase Request**

Recommendation

It is recommended that the Board of Governors authorize the President, or his designee, to increase the current project budget for the Michael & Marian Ilitch School of Business by \$9,000,000 for a total project costs not to exceed \$59,000,000. The project is currently funded for \$50,000,000; funding has been provided from a \$35,000,000 philanthropic gift from the Ilitch family specifically provided for this purpose, and \$15,000,000 from Series 2017 Bond Proceeds. Board authorization to issue long-term debt for this purpose will be requested at a later date.

Background and Project Description

The School of Business Administration (SBA) has occupied The Meyer & Anna Prentis Building since the building was constructed in 1964. The project team is working to design and construct a new facility in the District Detroit with an anticipated occupancy date of January 2018.

The programming phase is complete, and the new Michael & Marian Ilitch School of Business building is being planned to provide approximately 121,000 gross square feet of space over four floors to support 23 flexible classrooms and seminar rooms varying in size and adaptability, multiply options for break out space for students and staff, office and administration space, and a food service component for both students and the business community. The facility will also feature a 200 seat lecture hall envisioned to support both academic and community functions, seminar space to support an Executive MBA program, an innovative trading room, and a two story glass atrium connecting to an exterior courtyard.

Several factors are contributing to the increased project costs. The most significant factor is the current construction market in Detroit which has created fierce competition and resulting inflation for skilled trades. In addition, enhanced learning technology, exterior design finishes, soil conditions, and expected overtime costs to complete the project for the 2018 winter school semester contribute marginal cost increases. As such we are requesting the project budget be increased by \$9,000,000 to assure the project delivery meets the expectations of the University, Business School and the Donor.

The increase in funding for this project will be provided by repurposing an existing \$5 million pledge intended for an endowment to support the completed facility, and \$4 million in additional philanthropic fund raising. Any gifts received beyond this \$4 million target will be directed to the facility endowment.

Submitted by: William R. Decatur, Vice President, Finance and Business Operations

Project Budget

Funding Sources	
Philanthropy Gift	\$40,000,000
Series 2017 Bond Proceeds	\$15,000,000
Additional philanthropic gifts	\$4,000,000
TOTAL Sources	\$59,000,000
Expenditures Plan	
Design Fees	\$3,300,000
Construction	\$49,800,000
Furniture, Equipment and Technology	\$3,800,000
Project Management and Contingency	\$2,100,000
TOTAL Expenditures	\$59,000,000

All contracts for this project will be awarded in accordance with University policies and procedures.