

## Myth/Fact #1

**Myth:** If it is not spelled out in the Kaufman Hall information in detail it is not in the budget.

**Fact:** Kaufman Hall is a financial advisor and does not have expertise in managing and delivering projects. Their budgets would not and will never include all detail. They develop a financing pro-forma and assess the ability of an organization to service additional debt. They are experts in this arena. The IPD Team of HGA, SSR, Turner, OMHS/KLMK worked together to develop the detailed \$385M budget model associated with the desired scope and schedule. They provided only a high level summary to Kaufman Hall as requested and presented in detail to the OMHS Board and Executive Team.

**Myth:** The OMHS \$385M budget does not include costs for the road improvements anticipated. These costs may be as much as \$10M.

**Fact:** The OMHS \$385M budget was developed with costs included for the roadway improvements. The original cost anticipated was \$9M. However, through Target Value Design (TVD) the IPD Team has worked to an anticipated cost of \$5.2M including anticipated costs of land acquisition for construction easements and right-of-way.

## Myth/Fact #3

**Myth:** The soil improvement measures required to mitigate seismic concerns will cost \$20M. This is not included in the \$385M budget.

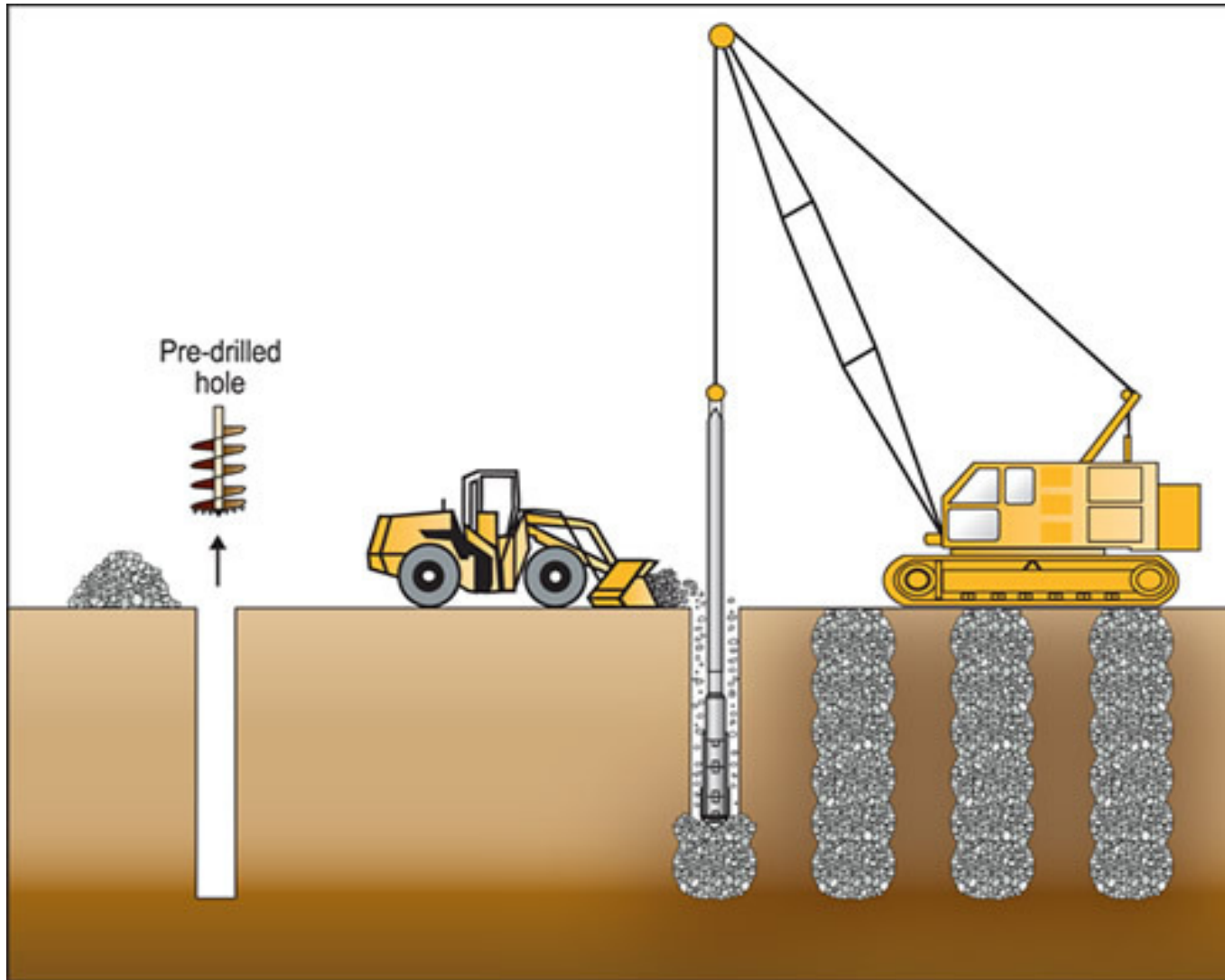
**Fact:** The costs for soil improvement are estimated to be \$10M. Bids for the package will be received in late February 2010. These costs have always been a part of the \$385M budget model.

## Myth/Fact #4

**Myth:** The soil improvement measures being recommended by the Geotechnical Engineer are not proven and cannot be counted on to treat liquefaction during a seismic event.

**Fact:** Vibro Piers™ have been recommended as one option and will likely be utilized in a design-build model. This is the only aggregate pier technology approved by the State of California for treating liquefaction on hospital and school sites. Two large hospital projects similar to OMHS where this technology is being used is Kaiser Permanente's new Anaheim, CA hospital and Virtua Hospital in Voorhees, NJ. It should be noted HGA is the designer at Virtua and Turner is construction manager.

# Myth/Fact #4 Visual Representation



**Myth:** The Kaufman Hall report only shows 5% project contingency in the amount of \$18M. This is not adequate given the risks.

**Fact:** The \$18M in contingency represents the Owner Contingency only. There is also an additional \$22.8M IPD Team Contingency evenly split for design and construction.