



# Oakwell

Infrastructure and Resource Efficiency  
For Health Systems

# Oakwell: Who We Are

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Oakwell is a one-of-a-kind group of leading engineers, data scientists, financiers, sustainability and real estate experts — working together to deliver **high-ROI infrastructure projects** for health systems in the United States.

Our goal is to **generate significant financial savings** for health systems through infrastructure efficiency, while reducing resource consumption and negative environmental impacts — so health systems can **reinvest those savings into patient care**.

## Oakwell's Vision

# 1,000,000

Number of people who will gain access to quality healthcare through the cost savings created by Oakwell



# Oakwell: What We Do

## Find

Infrastructure and  
Resource Inefficiencies

## Design

High ROI  
Solutions

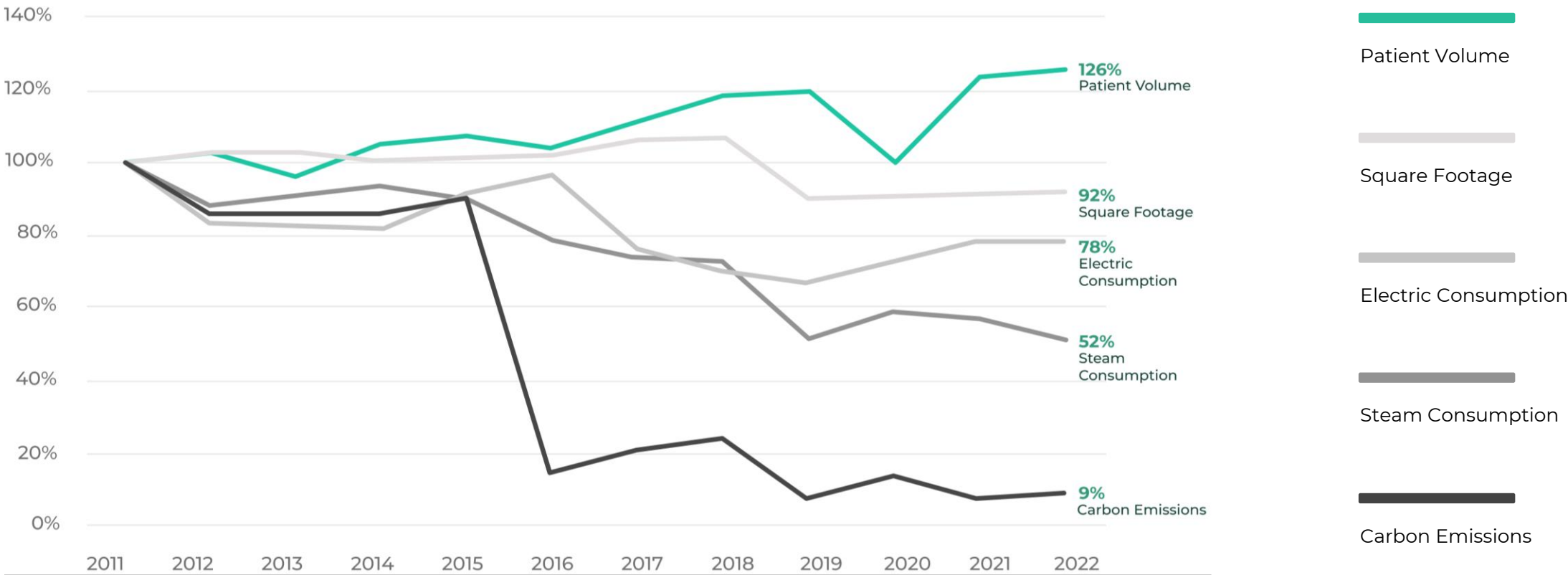
## Deliver

Turnkey Solutions  
With Transparency

## Finance

Projects To Free Up  
Capital For Health  
Systems

Boston Medical Center Example: Energy Consumption, Physical Footprint & Environmental Impact Since 2011



# Grady Steam Boiler Plant Replacement

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## Transparent Project Delivery Review



# Transparent Project Delivery (TPD) Overview

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## Contents

1. Parties
2. Governance Structure
3. Stages
4. Compensation

# TPD Parties



Transparent Project Delivery is a three-party agreement between Owner, Engineer, and Contractor.

- **Three Parties**

- **Owner**

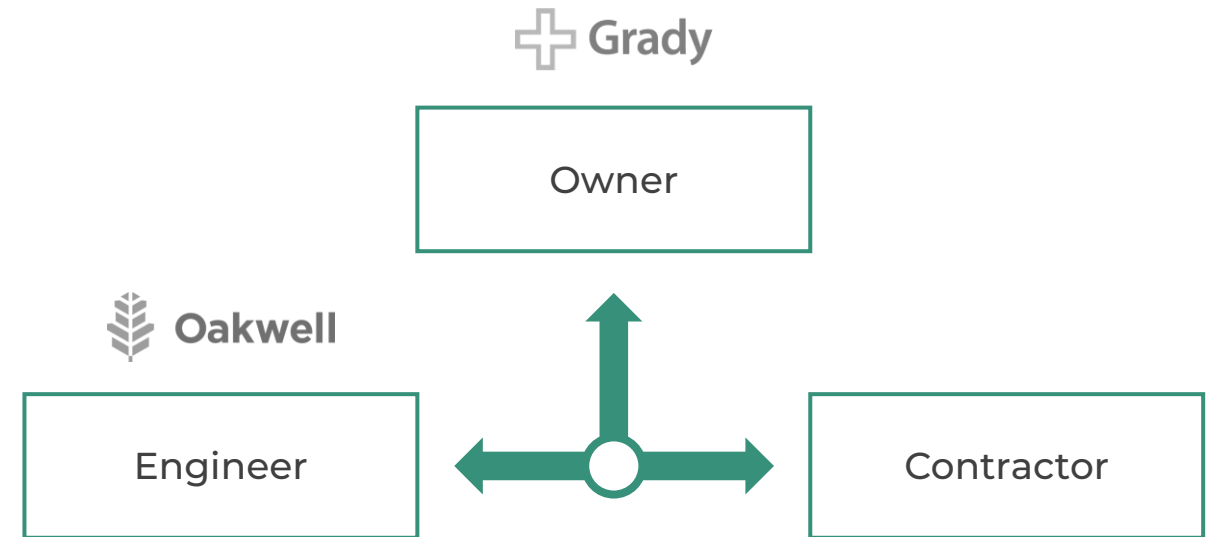
- i. Owner's Separate Consultants
    - ii. Owner's Separate Contractors

- **Engineer**

- i. Engineer also serves as Project Administrator
    - ii. Engineer may employ Standard Consultants

- **Contractor**

- i. Contractor may self-perform all or a portion of its work
    - ii. Contractor may employ Standard Subcontractors





## Senior Management Team (SMT)

- Representatives: Owner, Engineer, and Contractor
- Chair: Representative of Owner
- Vote Style: Majority Vote
- Responsibilities:
  - Provide senior-management level guidance
  - Address all non-unanimous votes of the Project Management Team

## Project Management Team (PMT)

- Representatives: Owner, Engineer, and Contractor
- Chair: Representative of Engineer
- Vote Style: Unanimous Vote
- Responsibilities:
  - Provide project-level guidance and decision-making
  - Interpretations of the Project Scope and Construction Documents

# TPD Stages

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Transparent Project Delivery has 4 distinct stages

- **Four Stages**

- **01: Validation Stage**

- i. Create the Validation Report: Project Scope, Target Cost Breakdown, Project Schedule, and Profit Pool Schedule
- ii. An approved Validation Report and Notice to Proceed is the “GO” for the project

- **02: Construction Document Stage**

- i. Development and Value Engineering of the Project Design and Construction Documents
- ii. Early Release and Prefabrication

- **03: Construction Stage**

- i. Perform the Construction Work in accordance with the Construction Documents and Validation Report

- **04: Commissioning Stage**

- i. Starts at the Notice of Substantial Completion and ends at the Notice of Final Completion
- ii. Execute the operation, adjustment, training, and documentation tasks to facilitate delivery of Project to Owner



# TPD Compensation

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## 1) Target Cost

- **Chargeable Costs**
  - i. Billable Rates
  - ii. Standard Subcontractors and Standard Consultants
  - iii. Reimbursable Expenses
  - iv. Equipment
  - v. Materials
  - vi. Allowances
- **Contingency**
- **Stipulated Overhead**
  - i. Stipulated as a percentage of Chargeable Costs plus Contingency

## 2) Profit Pool

- i. Stipulated as a percentage of Target Cost
- ii. Profit pool is eroded if Actual Costs rise above Target Cost

## 3) Shared Savings

- i. If Final Actual Cost is less than Target Cost then Shared Savings is earned
- ii. Shared savings is split 50% to Owner, 25% to Engineer, and 25% to Contractor

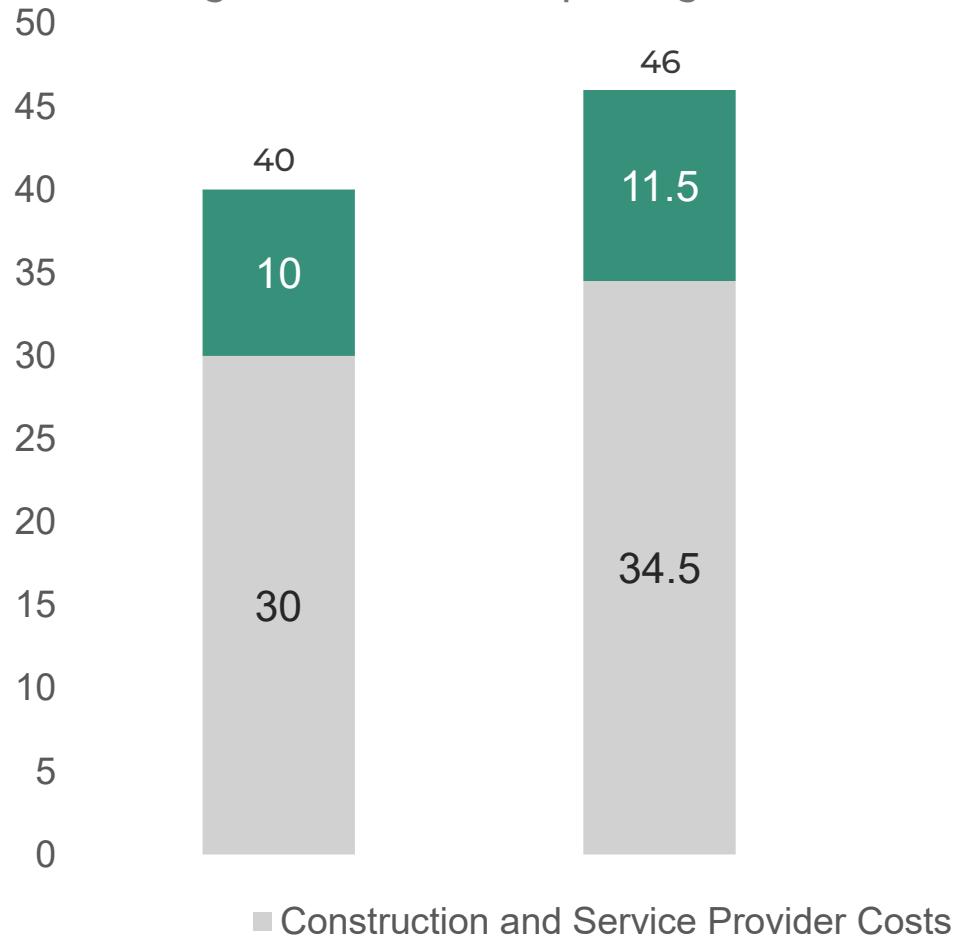
# TPD Compensation



Example: 15% increase in construction costs on a \$40M project

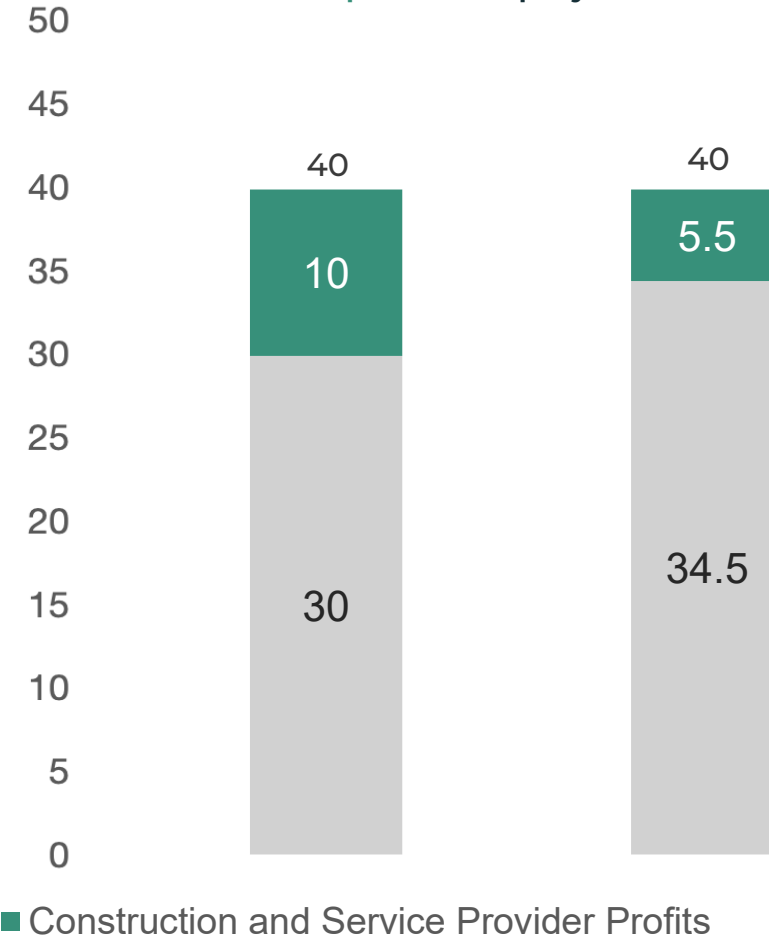
## Standard Project Delivery

**Owner bears all risk** of cost overruns while designers and contractor profits grow



## Oakwell's Transparent Project Delivery

Designers' and contractors' **profits are in first loss position** if project exceeds costs



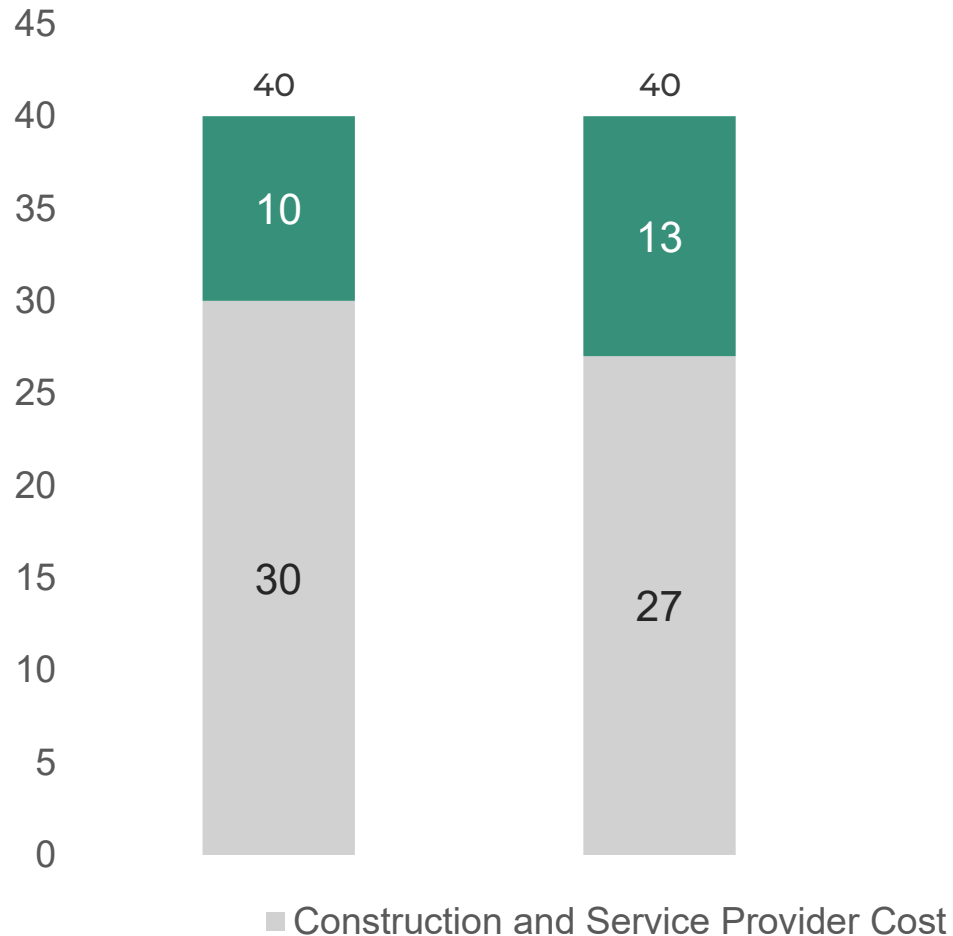
# TPD Compensation



Example: 10% decrease in construction costs on a \$40M project

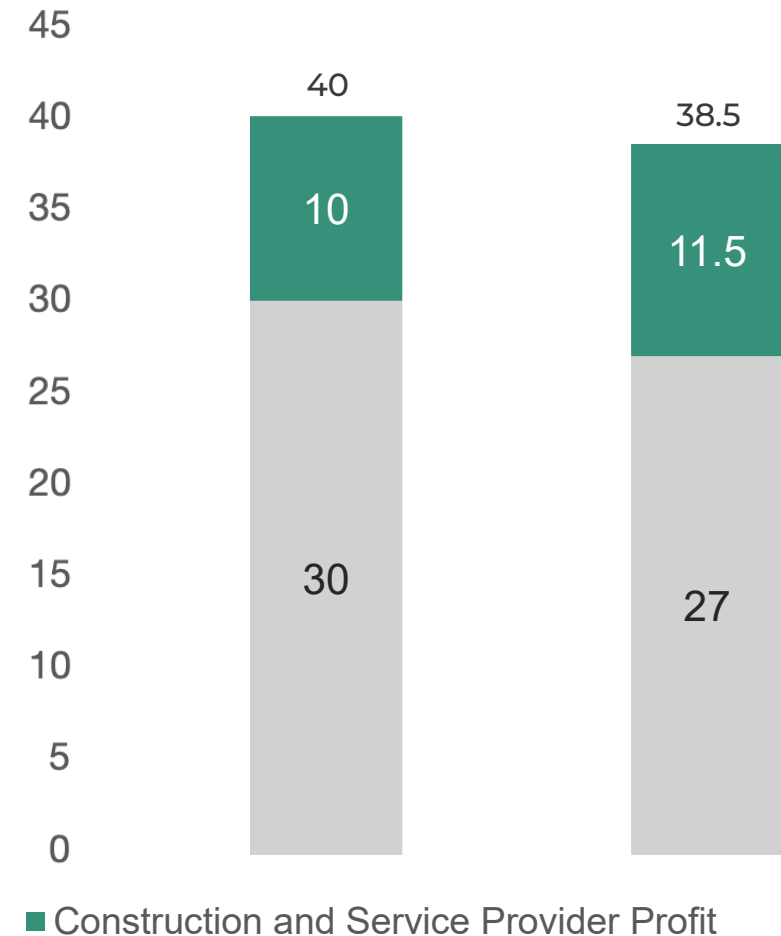
## Standard Project Delivery

**No savings accrue to owner** if construction costs decrease



## Oakwell's Transparent Project Delivery

Owners gain half of the cost savings and shares the balance with Contractor and Engineer



# TPD: Frequent Asked Questions

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If Final Actual Cost is less than  
Target Cost

**What happens to excess savings or cost overages?**

Excess savings are split 50/50 between the Owner and the Service Providers. The half of the excess savings that are available to Service Providers are paid out at later project milestones or at the end of the project.

If Final Actual Cost is greater than  
Target Cost

Cost overages erode the profits that were set aside for Service Providers. Only if the profits fall to zero will the Owner experience additional capital needs for the project above the Base Target Cost.

**When are actual costs and stipulated overhead paid to Service Providers?**

Throughout the project the actual costs along with the stipulated overhead are paid on a regular basis (i.e., monthly) to the Service Providers. If the Target Cost overestimated the costs and stipulated overhead the excess is not paid to Service Providers. Service Providers are paid for costs and overhead incurred, and excess savings are split between Owner and Service Providers if the overall project concludes below Target Cost.

Throughout the project the actual costs along with the stipulated overhead are paid on a regular basis (i.e., monthly) to the Service Providers. If the Target Cost underestimated the actual costs and stipulated overhead the overage is paid to Service Providers. Service Providers are paid for actual costs and stipulated overhead incurred, and the cost overages reduce the profits due to Service Providers if the overall project concludes above Target Cost.

**When are profits paid to Service Providers?**

Profits are paid out as milestones are reached only if the project remains on pace to be at or below the Target Cost.

The Owner can claw back profits that were paid out for previous milestones if project costs begin to pace above the Target Cost.



Thank you