

BUDGET AND FINANCE COMMITTEE

December 4, 2015

Minutes

The meeting was called to order at 11:19 a.m. by Governor Massaron in Room FGH of McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Massaron, Kelly, Nicholson, Thompson, Pollard; Professor Beale, Faculty Representative, and Professor Romano, Faculty Alternate Representative; Zachary Rich, Student Representative, and Aaron Szpytman, Student Alternate Representative

Also Present: Provost Winters, Vice Presidents Decatur, Hefner, Johnson, Lessem, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, June 26, 2015 and September 25, 2015

Secretary Miller noted that the Minutes of June 26, 2015 were corrected as discussed at the September meeting to reflect the appropriate amounts. There were no further corrections or additions, and the Minutes of the June 26, 2015 and September 25, 2015 meetings of the Budget and Finance Committee were approved by acclamation, as presented.

CONTINGENCY RESERVE

Mr. Kohrman reported that there were no requests for transfers from the Contingency Reserve Fund, and the FY 2016 balance remains at \$500,000.

STUDENT CENTER BUILDING

Vice President Decatur submitted a recommendation for the renovation of the fifth and seventh floors of the Student Center Building. A previous recommendation had been presented to the Committee at its meeting of September 25, but members expressed concerns about the funding sources for the project. The current recommendation addressed those concerns and provided additional detail on the programs that would benefit from the renovation. Mr. Decatur reviewed the renovations performed at the Student Center over the last several years, which include:

- 1) expanded and improved space for Counseling and Psychological Services in 2012;

- 2) a major renovation and expansion of the Student Center begun in 2013 and completed this summer to support student life and student activities; and
- 3) renovation of the sixth floor in 2014 to address deferred maintenance and expand space for the Student Veterans Resource Center, in the Office of Testing and Evaluation and Metro Detroit Hillel.

The current project expands or creates three new student service centers, the first of which is the Multicultural Student Center. Mr. Decatur asked Ms. Marquita Chamblee, Associate Provost for Diversity and Inclusion and Chief Diversity Officer, for her comments. Ms. Chamblee advised that when she addressed the Board at its September 25 meeting, she expressed her excitement about the new Office of Multicultural Student Engagement. The program was offered space available on the seventh floor of the SCB, and she and her staff began the process of designing space that would serve as a home base for students. The program is currently housed in a small, temporary space that they will quickly outgrow, and Ms. Chamblee said she is hopeful that the Committee and the Board will support the renovation project.

Mr. Decatur continued, adding that two other student programs that will benefit from the renovation are the Student Orientation office, which will gain program and planning space they currently do not have, and Counseling and Psychological Services, which will gain five new offices. The renovation will also reconfigure and improve space for Housing and Residential Life, dining services in the Ombudsperson's Office, space leased by the Baptist Student Union and the Newman Center, and create additional public lounge space, study spaces, and reserved meeting space for students, while at the same time replacing the outdated infrastructure in terms of heating, cooling, and electrical systems, and fire suppression systems on all floors.

The change in the current recommendation involved the project budget, one item of which was the subject of concern at the last meeting. Mr. Decatur said the Housing Maintenance Reserves will not be used; instead, \$1,130,000 will be allocated from the Student Center Equipment Reserve that is intended to support Student Center activities and expenditures. Mr. Decatur then showed a plan of the Student Center Building with the renovations on the seventh floor and part of the fifth floor, and asked for questions from the Committee. In response to Governor Pollard, he replied that the space on the fifth floor not included in this project had already been renovated in a previous construction project, and the current recommendation completes the renovation of that floor.

ACTION — Upon motion by Governor Thompson and seconded by Governor Pollard, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award contracts to renovate the Student Center Building's fifth and seventh floors for a project cost not to exceed \$3,855,000. Funding for this project will be provided from several sources including \$1,700,000 from the Non-General Fund Capital Project Reserve; \$1,130,000 from the Student Center Equipment Reserve; \$545,000 from the Fire Life Safety Reserve; and \$480,000 from the FY 2016 Plant Fund Interest Allocation Reserve. The motion carried.

FY 2017-2021 FIVE-YEAR CAPITAL OUTLAY PLAN

Each year the State requires the University to submit a Five-Year Capital Outlay Plan and to name a specific project for a Capital Outlay project request that would receive state funding. As

it has for the last two years, the University submitted the STEM Innovation Learning Center as its top priority for funding in the State's FY 2017 budget. Vice President Decatur explained that initially the project was envisioned as new construction, but when the Science and Engineering Library was vacated, the University decided on an adaptive re-use of that facility. Although the project was reviewed favorably by the State, it unfortunately came up short in the scoring system for both years.

In an effort to improve the ranking and qualify for state funding, the administration decided to engage the faculty in a review of the program. Faculty representatives came from Chemistry, Medicine, Biology, Physics, Liberal Arts & Sciences, Math, Engineering, Nutrition & Food Science, Anthropology, and the Office of Teaching and Learning, as well as the Provost. The result was a project that will provide undergraduate instructional laboratories and support spaces for 25 foundational STEM courses in Biology, Chemistry, Math, and Physics, and these courses will continue to undergo transformation through the efforts of a National Science Foundation Grant titled, "Student Success Through Evidence-Based Pedagogies." Both the faculty and administration are confident that this initiative will improve STEM student retention, time-to-degree, and graduation rates.

Vice President Decatur next described the building plans. The first floor will include eight intensive instructional laboratories, as well as a corporate engagement and entrepreneurial development center to provide learning opportunities with local industries, business start-ups from TechTown, and an entrepreneur's certificate from WSU's School of Business. Four general classrooms and an additional 18 instructional laboratories are planned for the upper floors. Courses from departments dispersed throughout the main campus will be brought together to take advantage of interdisciplinary teaching and learning opportunities and shared resources. These new spaces will allow the faculty to implement evidence-based teaching methods and emphasize hands-on experiential project-based learning that will translate into more graduates who are successful in their fields. Mr. Decatur stated that in addition to the academic advantages, renovating and repurposing the building is both financially and environmentally responsible. It already shares mechanical infrastructure with the adjacent Chemistry Building, and the cost avoidance enables the University to minimize the project cost per square foot.

The \$14.75 million requested from the state represents 50% of the total project cost, with the balance paid through philanthropic gifts or future bond issuances. Mr. Decatur said that if the state has sufficient funds in its next capital budget, the STEM project should compete well for state funding. He added that the remaining projects in the Capital Outlay Plan were rolled over from previous years. A comprehensive master planning process will be launched next year, during which all the capital projects will be evaluated and reviewed, and a multi-year capital plan to fund those projects will be assembled. Vice President Decatur concluded his report.

Professor Beale noted that the consultation process with the Academic Senate for the project has been substantially improved. She commended Vice President Decatur, adding that the University benefits when faculty are involved.

Governor Nicholson indicated he was unclear whether the Committee is approving the modification of the Capital Plan, or the actual project. Mr. Decatur explained that the construction project is not being considered at this point; the current recommendation is a request to approve the submission of the Capital Outlay Plan to the state, which the University must do on an annual basis. Governor Massaron added that the individual projects listed in the plan would be approved separately at a later time if the necessary

funding is obtained. Mr. Decatur confirmed Governor Kelly's question that fundraising or bond issuance would be contingent on state funding.

ACTION — Upon motion by Governor Pollard and seconded by Governor Nicholson, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2016-2021 Five-Year Capital Outlay Plan as presented. The motion carried.

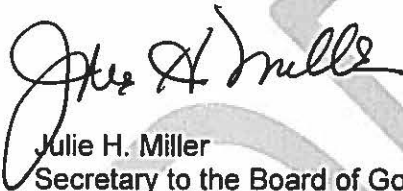
PURCHASING EXCEPTIONS

Vice President Decatur presented a report of purchases that were greater than \$25,000 issued during the third quarter of FY 2015 without soliciting competitive bids. In response to Governor Nicholson, Mr. Decatur explained that the report of exceptions comes after the funds have already been spent. Governor Nicholson added that he had several concerns about the price of five or six items, but in order to not take up time in the Committee, he would send a letter to the vice president listing those concerns. Governor Massaron asked that copies of the letter be forwarded to other members of the Committee and the Board so that they can join in the discussion.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:38 a.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors