

Board of Governors

BUDGET AND FINANCE COMMITTEE

January 27, 2017

Minutes

The meeting was called to order at 12:20 p.m. by Governor Kelly in the Room BC at the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Busuito, Gaffney, Kelly, Nicholson, and Thompson; Linda Beale, Faculty Representative and Louis Romano, Faculty Alternate Representative; and Zachary Rich, Student Representative

Committee Members Absent: Aaron Szpytman, Student Alternate Representative

Also Present: Governors Dunaskiss, O'Brien, and Trent; and President Wilson; Provost Whitfield; Vice Presidents Burns, Decatur, Hefner, Lanier, Lessem, Lindsey, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, December 2, 2016

ACTION: Upon motion made by Mr. Rich and supported by Governor Nicholson, the Minutes of the December 2, 2016 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

Given time constraints, Governor Kelly suggested that the committee table informational reports that require no action by the committee. With committee members in agreement, the following agenda items were tabled:

- O. Contingency Reserve
- R. Fiscal Year 2016 General Fund Year End Report
- S. Annual Report on the Long-Term Investment Program for the Fiscal Year Ending September 30, 2016
- T. University Treasury Update
- V. Major Capital Projects – Overview
- W. Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) Annual Report
- X. Purchasing Exceptions

ELECTRICAL UTILITY INFRASTRUCTURE CONVERSION (DTE-PLD)

Vice President Decatur presented a proposal for an increase in design of \$700,000 for the construction of electrical infrastructure upgrades. The first of the two part project is the DTE-PLD conversion with DTE paying for all of the work to bring wiring up to University buildings. Trenching is scheduled to begin summer 2017. The Data Center will be designed concurrently, with a major transformer to enhance power capability. This will be paid for out of cash reserves and will be re-imbursed at the time the University issues bonds in the future to actually begin the major construction.

Governor Gaffney expressed his support for the recommendation and asked whether the additional \$700,000 was inside of the \$11-million or if it added to the total project cost? Vice President Decatur noted that it was an estimate inside that number.

Governor Gaffney asked how many transformers and switch boxes would be above ground? Vice President Decatur noted that he did not recall but maps of these locations were available. Associate Vice President for Facilities Harry Wyatt advised that there will be 10 or 15 transformers and switch boxes above ground.

ACTION: Upon motion made by Professor Beale and supported by Governor Nicholson, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to increase the design budget by \$700,000 for the construction of building electrical infrastructure upgrades. This is an increase from the \$800,000 authorization approved in April 2016. These upgrades will support converting buildings that were formerly fed from the Detroit Public Lighting Department (PLD) to Detroit Edison Company (DTE), and provide additional electrical capacity at a total cost not to exceed \$1.5M. Funding for this effort will be provided by borrowing from the Cash Pool, with repayment provided by future bond proceeds that would be secured for the purpose of implementing this project. The motion carried.

FY2018 NON-RESIDENT TUITION RATES – SCHOOL OF MEDICINE 1ST YEAR STUDENTS ONLY

President Wilson called upon Vice President Hefner to review the proposed recommendation for a change in FY 2018 Non-resident tuition rates. The proposal recommended that the Board of Governors adopt a base non-resident tuition decrease for first year non-resident students of 13.3%, reducing the per-credit-hour amount from \$1,325.10 to \$1,148. Vice President Hefner added that the resolution laid out the logic and the work done behind the scenes. Governor Kelly asked whether the change is for one year only? Vice President Hefner noted that it was for the freshman year, but it would be multi-year in nature, to be applied to the full 4-years and any incoming classes after that.

Professor Romano noted his support and that the decrease would be more in line with rates charged at other universities. Mr. Rich noted his support. Governor Busuito advised that this change would increase competition and provide opportunities for the School to attract better students. Governor Thompson asked if every first year medical student after the 2017 year would be subject to the decrease. Secretary Miller noted that the recommendation is for a change for Non-Resident students only.

ACTION: Upon motion made by Zachary Rich and supported by Governor Busuito, the Budget and Finance Committee recommended that the Board of Governors adopt a base non-resident tuition rate decrease of -13.3% for the School of Medicine MD program for Fall 2017 for incoming non-resident students only. Tuition rates and all other fees for all other MD students (both resident and non-resident) will be presented at a future meeting. As part of this resolution, the Board of Governors authorizes the President or his designee to make adjustments to the rates for special programs or where otherwise appropriate. The motion carried.

FY2018 FIVE-YEAR CAPITAL OUTLAY PLAN

Vice President Decatur reviewed the University's FY 18 State Five Year Capital Outlay Plan with the members of the committee, and noted that the number one project, submitted for the third year in a row, was to approve the renovation for the old Science and Engineering Library. Located near Chemistry and Engineering, providing STEM synergy, the project reallocates 100,000 square feet of usable space to STEM learning, will provide flexible classrooms, class labs, maker hacker labs, offices and seminar space, and updated technology and learning space. The estimated cost of this project is \$29.5-million. The amount requested from the state is \$14.75 million. If funded, the university would issue bonds to fund the other half of the project. This project was included in the Governor's budget, House budget, and Senate budget but was not included in the last year's final state budget. With the argument for this project strengthened, the University hopes to see it funded in the State budget this year.

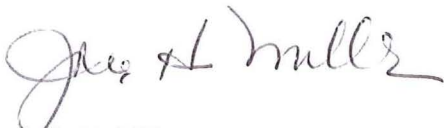
Governor Thompson asked how the projects put in the plan were chosen. Vice President Decatur noted that most of the projects had been in the plan for sometime, and there would be a future campus and facility master planning effort to review all projects.

ACTION: Upon motion made by Governor Nicholson and supported by Governor Busuito, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2018 Five-Year Capital Outlay Plan. The motion carried.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:33 p.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors