

BUDGET AND FINANCE COMMITTEE

December 5, 2014

Minutes

The meeting was called to order at 11:08 a.m. by Governor Pollard in Room FGH in the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Dingell, Driker, Massaron, Nicholson and Pollard; Louis Romano, Faculty Alternate Representative, and Madhu Sanam, Student Representative

Committee Members Absent: Andrea Sankar, Faculty Representative

Also Present: Governors Dunaskiss, O'Brien and Trent, and President Wilson, Vice Presidents Lanier, Lessem, Lindsey, Nork, Ripple, Staebler and Wright, and Secretary Miller

APPROVAL OF MINUTES, October 10, 2014

ACTION – Upon motion by Governor Driker and seconded by Governor Massaron, the Minutes of the February meeting were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Mr. Kohrman requested a transfer of \$140,000 from the Contingency Reserve to cover the cost of a search for the dean of the Eugene Applebaum College of Pharmacy and Health Sciences. The remaining balance in the Reserve for FY 2015 would be \$220,000.

ACTION — Upon motion by Governor Nicholson and seconded by Governor Driker, the Budget and Finance Committee approved the transfer request from the Contingency Reserve as presented. The motion carried.

GENERAL REVENUE BOND AUTHORIZATION

Vice President Nork requested approval to issue Wayne State University General Fund Revenue Bonds of up to \$10,500,000 to help refund bonds that were issued in 2006, 2007, and 2008. The refunding is dependent on the interest rate environment, which was very favorable in late October when the decision was made to proceed with the request.

Although the current interest rate is not as favorable, the administration will continue to evaluate the rates to determine whether to go forward with the refunding. The objective is to obtain another \$10 million of debt to be used for capital projects still to be identified. Projects come up periodically, but the University does not have discretionary funds to pursue them, and this action would provide the funds and the opportunity to deal with those projects, with Board approval, as the need arises.

ACTION — Upon motion by Governor Driker and seconded by Governor Massaron, the Budget and Finance Committee recommended that the Board of Governors adopt the Resolution as presented authorizing the issuance of Wayne State University General Revenue bonds. The bonds may be issued for two purposes: 1) new issuance of up to \$10,500,000 for a term not to exceed 33 years for the projects listed below, and 2) refinancing of prior debt to achieve interest rate savings. The par amount of refinancing bonds is dependent on market conditions.

The bonds may be issued for the following projects/purposes:

- To fund new issuance of up to \$10,000,000 for research laboratory renovations and/or strategic acquisitions of property, and to fund the related costs of bond issuance.
- To refund the Series 2006 bonds outstanding of approximately \$43,000,000, or some portion thereof, and to refund portions of the Series 2007 and 2008 bonds.

The annual debt service cost for the new bond issuance projects will be approximately \$650,000. It will be funded by the General Fund. If there is a reduction in debt service as a result of the bond refunding, the savings will be used to offset the debt service costs associated with the new projects.

BIOLOGICAL SCIENCES BUILDING RENOVATIONS

During the summer of 2012, the administration conducted a review and update of the campus facility master plan, with special focus on science and engineering facilities. One of the projects identified as high priority was the Biological Sciences Building, and Vice President Nork presented a recommendation to renovate the building. There is much underutilized and unused space due to HVAC and other issues. The greenhouses on the sixth floor, which are currently non-functional, will have the glass glazing replaced. The HVAC systems will be replaced, and new laboratory casework and furniture will be installed as needed. The project scope also includes replacement of the equipment in two autoclave rooms and the creation of a suite of five microscopy rooms. The renovation of the building was included in the list of projects to be funded by the Series 2013 bond issue, and the project cost should not exceed \$2.5 million. Mr. Nork assured Professor Romano that the Dean of the College of Liberal Arts and Sciences was consulted on the issue.

ACTION — Upon motion by Governor Driker and seconded by Governor Massaron, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to proceed with the design and construction to renovate spaces in the Biological Sciences Building for a project cost not to

exceed \$2,500,000. Funding for this project will be provided from Series 2013 General Revenue bond proceeds obtained for this purpose. The motion carried.

FACULTY ADMINISTRATION BUILDING ROOF-TOP AIR CONDITIONING UNIT REPLACEMENTS

Mr. Nork next presented a recommendation to replace the rooftop air-conditioning units on the Faculty Administration Building. The project cost would not exceed \$1,680,000 and would be funded through the Deferred Maintenance Reserves. Mr. Nork explained that for each of the past five years the units have failed and required costly temporary repairs. However, even after repairs were done, the units did not adequately cool the building and allowed water infiltration, resulting in flooding and water damage to the offices on the fourth floor. It would, therefore, be more cost effective to replace the units.

ACTION — Upon motion by Governor Driker and seconded by Governor Massaron, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to proceed with the design and replacement of the roof-top air-conditioning units on the Faculty Administration Building for a project cost not to exceed \$1,680,000. Funding for this project will be provided from the Deferred Maintenance Reserve that has a balance of \$6.5 million as of November 5, 2014. The motion carried.

FY 2016-2020 FIVE-YEAR CAPITAL OUTLAY

The final recommendation was the FY 2016-2020 Five-Year Capital Outlay Plan. Mr. Nork noted that the project priorities were discussed at the October meetings. The number one priority, the conversion of the Science and Engineering Library building to a science and engineering laboratory building, has a price tag of approximately \$30 million, and the University is requesting \$22.5 million in Capital Outlay funds from the state. This past week, both the Capital Outlay Committee and the Senate Appropriations Committee forwarded a bill to the legislature which includes all the projects submitted by the universities and community colleges. If the bill is authorized, it will give the administration the approval to go forward with the planning phase of the building. Although the actual funding of the project must wait until the budget process is completed, Mr. Nork said it is a positive step forward. Vice President Lindsey added that the project has received a very favorable response from the committee.

Professor Romano said that during discussions in the Academic Senate's budget committee, it was noted that the library building has several limitations in terms of its conversion to a laboratory building. He recalled that earlier plans called for the move of six biology laboratories out of Shapero Hall, the chemistry labs out of the Life Sciences Building, the relocation of a psychology laboratory, and the bio-engineering laboratory that is currently in the basement of the engineering building. Some of these are wet labs, and Professor Romano said that although he is in favor of repurposing the building, he is not certain that it could accommodate the wet labs. He urged the administration to conduct in-depth discussions with the deans, faculty, and research teams involved.

Vice President Nork replied that some of the preliminary discussions concluded that the renovated building would not include wet labs. He understood, however, that although the building has limited capacity for wet labs on the first floor, the section that is separate from the tower portion of the building would have access to roof exhaust for fume hoods and could accommodate some wet labs. However, the process is still in its early stages, and the design phase has not been started nor has a design firm been selected. Mr. Nork assured Professor Romano that the administration would continue discussion and consultation with the faculty through the planning and design phase.

ACTION — Upon motion by Governor Massaron and seconded by Governor Driker, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2016-2020 Five-Year Capital Outlay Plan as presented. The motion carried.

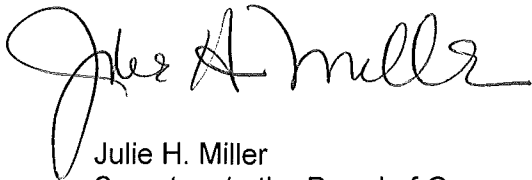
PURCHASING EXCEPTIONS REPORT

Vice President Nork presented an informational report on purchases greater than \$25,000 issued during the fourth quarter of FY 2014 without soliciting competitive bids.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:23 a.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors