

BUDGET AND FINANCE COMMITTEE

October 10, 2014

Minutes

The meeting was called to order at 11:55 a.m. by Governor Pollard in Rooms BC in the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

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

Committee Members Absent: Governors Dingell and Nicholson

Also Present: Provost Winters, Vice Presidents Johnson, Lanier, Lessem, Lindsey, Nork, Staebler and Wright, and Secretary Miller

APPROVAL OF MINUTES, June 27, 2014

ACTION — Upon motion by Governor Driker and seconded by Governor Massaron, the Minutes of the June 27, 2014 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Mr. Kohrman presented transfers from the Contingency Reserve for approval for both FY 2014 and FY 2015. For FY 2014, the transfer request was for \$30,799 to fulfill the obligations for the searches for the vice president of research, the dean of the Law School, and the dean of the School of Business Administration. The remaining balance for FY 2014 is \$47,467. The transfer requested for FY 2015 is in the amount of \$140,000 for the search for a vice president for business and finance. The balance remaining is \$360,000 for FY 2015.

ACTION — Upon motion by Governor Massaron and seconded by Governor Driker, the transfers from the Contingency Reserve for FY 2014 and for FY 2015 were approved. The motion carried.

PURCHASING EXCEPTIONS

Vice President Nork presented an informational report on purchases greater than \$25,000 issued during the third quarter of FY 2014 without soliciting competitive bids. Mr. Nork noted that pages were missing both from the package and the website, and he will forward them to the Board later in the day. The page dealt with the scientific judgment decisions, and he assured the Board that there are no unusual items. He added that on Tuesday night, the Michigan Minority Supplier Development Council awarded Wayne State its Corporation of the Year Award in the area of educational and government entities, recognizing its efforts in developing minority suppliers. Wayne State has won the award for 12 of the last 14 years.

CAPITAL OUTLAY OVERVIEW

Vice President Nork presented a preview of the report that the administration is preparing to submit to the State Legislature's Capital Outlay Subcommittee. In addition to listing the University's capital priorities for the next five years, Mr. Nork gave an update on the six projects that were in last year's plan.

- The Integrative Biosciences Center (IBio), formerly the MBRB — Construction is about 50% complete. There is some delay, with the expected completion date set for May 2015, partly due to the loss of the project manager.
- Macomb Advanced Technology Center (ATEC) — This project is complete and under budget, which allowed some additional work to be done in the battery lab that was not in the original scope. The grand opening occurred last week, but classes have been held in this facility since the beginning of September, with an enrollment of about 350 students.
- Student Center Building (SCB) Renovation — The project continues as planned, with the major construction work expected to be completed in December; however, the food courts and retail spaces will not be open until classes resume in January. Mr. Nork said that another project was added that had not been included in the original Capital Outlay report. Renovation on the sixth floor has been completed for space occupied by the Hillel Foundation as well as for the Veteran's Resource Center, whose grand opening took place on September 11.
- Electrical Reliability Projects — This is a longer term project, with expected completion by December 2015. To date, freezers have all been upgraded, as well as design work completed on all generators and power supplies. Five bids have been received which are in line with the stated budget.
- Chatsworth Life Safety Improvements — Project has been completed, consisting of upgrades to life safety systems, especially the sprinklers and fire suppression systems, and upgrades to the information technology infrastructure.
- Manoogian Hall Second Floor Classroom Renovations — The renovations were completed ahead of schedule and under budget. Mr. Nork explained that the renovations were not originally included in the plans for the Series 2013 General Revenue Bonds. However, the Academic Senate's policy committee and their budget committee identified

the classrooms as a high priority project, which led to the reallocation of funds. Mr. Nork asked Professor Jane Fitzgibbons of the Communication Department to comment about the renovations. Professor Fitzgibbons has taught classes in the building for nine years. She said the renovations have changed students' behavior, how they interact in class, and how they engage with the instructor and the material being taught. She noted also that the study areas in the halls are constantly occupied; students are quietly working, with no more rowdy behavior. One classroom is still set up in the traditional style, with desks in rows; students do not like the arrangement and it creates a totally different dynamic between teacher and students. Professor Fitzgibbons thanked the Board for approving the renovations.

Vice President Nork continued with his presentation. The administration identified several new projects for FY 2016, added the remaining projects from the FY 2015 Capital Outlay plan, and reordered their priority after input from several campus sectors.

The first and second priorities for fiscal year 2015 remain the same for the new fiscal year. The STEM laboratory classroom building is still the first priority, although plans for the building were considerably revised. The original plans called for \$30 million of new construction in the parking lot adjacent to the Physics Building. The revised plan will repurpose the former Science and Engineering Library. There will be more square footage and the renovated building will accommodate everything that was planned for the new building as well as the consolidation and relocation of the Mathematics Department. Later in the meeting, President Wilson added that the state legislature seems to assign a higher priority to renovations of old buildings rather than to new construction, and it was hoped that the renovation of the Science and Engineering Library would provide that needed edge. Mr. Nork added also that the cost of renovation per square foot is about one-third less than the cost of new construction.

The second priority includes improvements and upgrades to laboratories in the Biological Sciences Building for the Biology Department, to be funded with the Series 2013 bonds, and to the second and third floor of Science Hall for the growing Food and Nutrition Science Department. Mr. Nork stated that the renovation of these three buildings would in effect create a STEM corridor along Warren Avenue from Science Hall to the Engineering Building.

Of the five newly identified projects for FY 2016, the relocation of the School of Social Work to 5447 Woodward was ranked as priority #3. The estimated \$3 million project cost will come from reallocated Series 2013 bond proceeds. The renovation of laboratory and research space on the fourth floor of Scott Hall was ranked fourth in priority and would also be paid for from reallocated funds. In addition, the heating, cooling, and mechanical infrastructure for the entire research tower will be upgraded and will help support research productivity throughout the tower. Exterior improvements to prevent water infiltration in the DeRoy Apartments ranked as Priority #5. The College of Engineering's Student Innovation Center, to provide students space to work on technology projects, and the renovation of classrooms in the Law School Building ranked as 11th and 12th in priority, respectively.

The carry-overs from FY 2015 ranked numbers 6 through 10 for FY 2016. Beginning with number 6, the Hilberry Gateway is to be funded partly from philanthropy and partly from Series 2016 bond proceeds; the Bioengineering Building renovation and expansion, also funded from the Series 2016 bonds; laboratory renovations in the Physics, Engineering, and

Shapero Buildings after the STEM laboratory-classroom project is complete; State Hall classroom renovations; and improvements to the Fountain Court on Gullen Mall to create more green space. The new construction for the School of Business Administration, listed in FY 2015, was put on hold for FY 2016 pending consultation with the new dean.

Vice President Nork explained why proceeds from the Series 2013 General Revenue bonds were re-allocated to newly designated priorities for FY 2016. As mentioned earlier, the \$8 million that was originally meant to fund laboratory renovations in the Physics, Engineering, and Shapero buildings was re-allocated to fund the relocation of the School of Social Work and lab renovations in Scott Hall. It was decided that work on the labs in the three science buildings should not start until the STEM classroom and laboratory building is completed. The time frame for that renovation is up to two years, and in the meantime the funds would be used for more immediate needs. The administration plans to issue General Revenue bonds again in 2016, and those proceeds will be used to renovate and/or repurpose the laboratories in the three buildings. Mr. Nork added that the Series 2016 bond proceeds would also be used to partly fund the cost of the Hilberry Gateway construction. He concluded his presentation.

Mr. Sanam, the student representative, commented that there are five or six television sets in one of the rooms on the second floor of Manoogian Hall that are not being used properly. He suggested that they be moved to another building on the campus or to other classrooms.

Governor Driker commented on the fortress-like construction of Scott Hall with large cement blocks. He assumed that new construction such as the IBio will avoid that trend. He further asked about the problems of building in flexibility while remodeling an older building such as the Dalglish Cadillac showroom. Mr. Jim Sears replied that the new building provides 10,000 square feet of open lab space that will allow interaction among principal investigators and their teams. The details of the floor plans are not yet complete, but plans are to have similar configurations on each floor with open space rather than the bunker style of Scott Hall. Faculty groups will be consulted during the planning process, and the administration will keep the Board informed as work progresses.

Governor Driker referred to a presentation given about a year ago about high-tech LED street lighting and security cameras for the campus. He asked if there was any progress on that development. Mr. Sears replied that improvements have been implemented on Trumbull Avenue, resulting in well-lit streets, but currently nothing has been done on Second and Anthony Wayne Drive. The system Governor Driker referred to was the intelli-street system, with various technology features such as cameras, illumination, and music. President Wilson added that the system is quite expensive, and the administration is looking at other options and weighing the pros and cons of the various systems.

Professor Romano expressed his appreciation for the Manoogian Hall renovations, and said that he also heard enthusiastic and positive reaction from both students and instructors. He commented that if student learning is a top priority, then more consideration should be given to remodeling the teaching spaces. Most of the classrooms across campus look like a high school from the 1960s, and it definitely makes a difference not just with student learning and interaction but also with enrollment, especially since many community colleges have better classrooms than does WSU. He wondered whether a commitment could be made to improve the classrooms piecemeal, much as the 4th floor of State Hall and the second floor of Scott Hall were renovated. Mr. Nork replied that a piecemeal approach is certainly

possible and that he will look into a time phase approach to State Hall and other buildings. He added, however, that there are many projects underway each year to systematically upgrade the existing classrooms. In addition to the Manoogian and State Hall floors, four general education classrooms in the Education Building have been successfully renovated, as well as the lecture hall in Shapero Hall and the General Lectures Building. For the past three years, \$1 million each year has been spent on upgrading classroom technology in the general purpose classrooms across campus, as well as \$400,000 a year on replacing classroom furniture.

Responding to Governor Massaron, Vice President Nork clarified that the first priority in the Capital Outlay report is the only request for funding from the State Legislature; the remainder is for informational purposes and does not necessarily bind the administration to the projects. Governor Massaron also asked who will occupy the renovated fourth floor laboratories in Scott Hall. Mr. Nork replied that plans are not yet finalized. However, it is expected that researchers from Elliman will be moving into the completed IBio Building. Also, there is a plan currently in place to shut down the KCI building on 110 East Warren, and researchers from KCI would move into the first and third floors of Elliman. Any researchers from Elliman not moving into IBio would move into the fourth floor of Scott Hall.

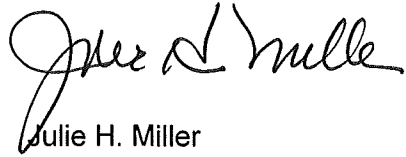
Governor Pollard asked about the loss of the construction manager of the IBio building and whether the project is on schedule and on budget. Mr. Sears said that Anne Vandebussche, director of design and construction services at WSU for the past ten years, will maintain overall leadership responsibility on the project. The responsibilities of the project manager will be taken over by a very capable young man who was responsible for the construction of the Macomb ATEC project. Mr. Nork said that there will be a delay until May 2015 and some issues relating to contingency limits. According to the original drawings from 1926, there was supposed to have been more steel in the square columns than there actually was. That caused a three-month delay and significant use of the contingency funds. However, every effort will be made to bring the project in as closely as possible to the original \$93 million budget. Mr. Sears further explained that the column-to-beam connections throughout the building were significantly deficient and it cost about \$2.6 million to address those deficiencies. There is still some contingency left, and fortunately there have been a series of cost savings that they have been able to take advantage of to keep the project budget positive. However, he will make the final assessments and determinations within the next 30 to 45 days so that, if necessary, an over-run request would come to the Board no later than December. Vice President Nork reassured the Board that the over-run would not be more than one or one and one-half percent of the original \$93 million budget, perhaps about \$1 million.

Governor Trent asked Vice President Johnson about fundraising for campus projects such as the fountain court, and whether it is part of the Pivotal Moments campaign. Vice President Johnson replied that all the projects mentioned during the discussion are part of the campaign, as are the classroom renovations that must be done to attract students. She explained further that fundraising must be done based on donors' interests. There might be a donor interested in the fountain project and the money would certainly be used according to the donor's wishes. She added that she and her team must be well versed in what the University's needs are, and if someone shows an interest in certain projects, the Development Office will definitely follow through with the donor.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:32 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Julie H. Miller". The signature is written in a cursive style with a large initial "J" and "M".

Julie H. Miller
Secretary to the Board of Governors