



BOARD OF GOVERNORS

BUDGET AND FINANCE COMMITTEE

December 1, 2017

Minutes

The meeting was called to order at 11:02 a.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, Kelly, Nicholson, O'Brien and Thompson; Linda Beale, Faculty Representative, and Louis Romano, Faculty Alternate Representative; Zachary Rich, Student Representative and Anthony Eid, Student Representative

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

APPROVAL OF MINUTES, October 6, 2017

ACTION: Upon motion made by Chair O'Brien and supported by Faculty representative Linda Beale, the Minutes of the October 6, 2017 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Vice President Decatur indicated there were no requests for funding from the FY Contingency Reserve, which remains at \$430,000.

CRIMINAL JUSTICE BUILDING AND LOT 11

Vice President Decatur began with discussion of the conversion of the Criminal Justice building at 6001 Cass Avenue into office space with a University Art Gallery on the ground floor, the sale of a portion of 445 York, lot 11 and a surface parking lot south of

the Criminal Justice Building. The development includes retail space, a parking deck and an apartment building. He noted that the Platform group previously put forward a proposal to develop the sites, and a memorandum of understanding with the University was completed at that time. There have been changes to this project that now need approval. Vice President Decatur noted that the changes were negotiated in good faith. Professor Beale believes the sale is imprudent, given the new developer demands. Student alternate representative, Anthony Eid, asked for clarification of the proposed changes to the parking spaces under the modified agreement. Vice President Decatur noted that of 543 spaces, there remained 220 available for faculty, students, administrators and staff in a shared parking facility. A monthly financial reconciliation will be done to review any Wayne State pass holders turned away from the structure. President Wilson added that the changes were necessary to complete the financing, accommodate the change from apartments to condominiums, and facilitate the need for condominium buyers to have parking. Governor Thompson asked why the University was utilizing a developer for the project. President Wilson noted that for a period of time, there was no viable buyer and the Board approved this project three years ago. The negotiation with the reputable developer was in good faith and the developer accommodated the request for an Art gallery. In addition, there was a need for housing on campus, and to improve economic development in the area. Professor Beale indicated that she has heard of complaints from the faculty at the School of Pharmacy about the shared parking; President Wilson and Vice President Decatur advised that they were not aware of any such complaints. Governor O'Brien asked for a summary of the condominiums versus apartments in the developer's proposal. Vice President Staebler noted that the space was not ideally situated for apartments. Access to exterior light and placement of windows is a challenge in this building, which would affect sales. To solve this issue, a courtyard would have to be constructed at significant expense. The developer considered the concept of an innovation district with potential office users complementary to iBIO and TechTown, and Next Energy.

ACTION: Upon motion made by Governor Nicholson and supported by Governor Busuito, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve the negotiated changes in terms and conditions in the development agreement. The motion carried.

FABRICATION AND UPGRADES OF COMPONENTS FOR THE LARGE HADRON COLLIDER

Vice President Lanier informed the Board that the fabrication and upgrades of components for the Large Ion Collider Experiment (ALICE) would be purchased through the company CERN, which had already fabricated the project. Project funding was through the Department of Energy via the University of Tennessee and Knoxville in a subcontract to the University Physics groups. The project involves over 1,500 different physicists and students and lab groups around the world and is directed towards the discovery of quarks. It incorporates the purchase of high end gem foils, and objects which will be shipped from CERN to be assembled by the group as a part of a

large-term international project. Governor Kelly asked whether the request before the Board was to allocate grant money for the project. Vice President Lanier noted that the grant money was already allocated and this was notification of the large purchase. Governor Gaffney asked for clarification of the actual cost to the University. Vice President Lanier informed that there would be no additional cost to the University.

ACTION: Upon motion made by Governor Thompson and supported by Governor Busuito, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award a contract not to exceed \$2,204,738 to the European Laboratory for Nuclear Physics (CERN) in Geneva, Switzerland to procure electronic and mechanical components to fabricate major upgrades to the Time Projection Chamber (TPC) and Inner Tracking System (ITS) which is part of a Large Hadron Collider experiment located in Geneva. The motion carried.

MAJOR CAPITAL PROJECT SUMMARY AND THE MAJOR REAL ESTATE PROJECT SUMMARY

Vice President Decatur presented two informational reports. The major capital projects report provided highlights on major improvement projects on campus, and the new major real estate development report discussed progress in new real estate ventures. Both reports covered projects previously presented to the Board of Governors and received some level of approval, as indicated, with all the projects on schedule and on budget. Governor Gaffney asked whether any parcels sold would be inaccessible to the University. Vice President Decatur noted that they would become part of the MDOT 1-94 widening and the new bridge. In response to Professor Romano's question on the \$3.5 million budget related to the Criminal Justice building, Vice President Decatur noted that the costs were related to relocation of the Art Gallery and Geology department materials. Governor Thompson asked about the current use of 5900 Second Avenue. Vice President Decatur noted that the building was vacant. Governor O'Brien asked if the weight room project was on schedule. Vice President Decatur indicated that the schedule was revised for early spring completion. Student alternate Mr. Eid asked whether contingency funds were included in the Cass and Vernor partnership. Vice President Decatur noted that the University retained the right to repurchase from the developer.

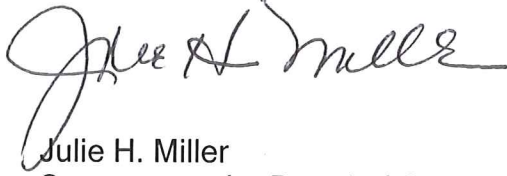
PURCHASING EXCEPTIONS

Vice President Decatur presented a report summarizing purchase orders (POs) greater than \$25,000 that were issued during August, September, and October 2017 without soliciting competitive bids. Per previous request of the committee, the report now identifies the basis for every exception.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:27 a.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".

Julie H. Miller
Secretary to the Board of Governors