



BOARD OF GOVERNORS

Budget and Finance Committee

June 22, 2018

Minutes

The meeting was called to order at 10:46 a.m. by Governor Kelly in Room FGH at 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; Louis Romano, Faculty Alternate Representative; and Mazen Zamzam, Student Representative

Committee Members Absent: Anchita Sanam, Student Representative

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

APPROVAL OF MINUTES, MAY 4, 2018, MAY 17, 2018, and JUNE 8, 2018

ACTION: Upon motion made by Governor Trent and supported by Governor Nicholson, the Minutes of the May 4, 2018, May 17, 2018 and June 8, 2018 meetings of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Vice President Decatur presented a request for a transfer from the Contingency Fund of \$150,000 to fund a search for the new Dean of the College of Education.

Governor Thompson asked why there were two different transfers for a previous search for AVP of Human Resources. Vice President Decatur noted that particular transfer crossed fiscal years.

ACTION: Upon motion made by Governor Nicholson and supported by Governor Thompson, the Budget and Finance Committee approved the proposed transfer for the search activity: \$150,000 to fund the search for Dean of the College of Education. The motion carried.

CAMPUS MASTER PLAN

Vice President Decatur noted that this will be the first comprehensive campus master plan since the year 2000. The consultant retained for this project is scheduled to begin in early July and complete the work in the spring of 2019. The plan will incorporate comprehensive quantitative and qualitative space analyses and a 10-year planning horizon identifying space needs and capital projects while studying and making recommendations for the entire University. The effort will also study and make recommendations on general land use, pedestrian circulation, multimodal transportation, and parking. It will also examine the connections of the campus to the surrounding community, including University neighbors, alumni and board members. There will be a priority committee for funding and projects, and recommendations for these prioritizations will come from Vice Presidents, Deans, faculty, and students.

Governor O'Brien asked if there would be a timeline included for implementation and recommendations. Vice President Decatur indicated that such a timeline would be included, and added that the most important recommendation will be the 10 plus year plan for capital investments.

Governor Thompson asked about flexibility for unexpected projects not included in the original plan. Vice President Decatur advised that the plan could be modified, based on current needs. Governor Kelly asked whether the plan will require Board approval. Vice President Decatur advised that the 10-year plan will be presented for Board approval.

Professor Beale expressed concern that there would be a high level master planning committee that would not include faculty representation. Vice President Decatur advised that there will be extensive faculty involvement in the priority setting team, and in the entire master planning process and ongoing in capital budget development. Professor Romano asked about the size of the upper level committees. Vice President Decatur noted that while not finalized, he anticipated 6-8 people will serve. Governor O'Brien asked which committee will include a member of the Board of Governors. Vice President Decatur indicated that the priority setting team includes a board member. Governor Kelly asked whether University staff as well as paid consultants would be working on the project. Vice President Decatur confirmed, and added that the master planning process is a critical investment needed to address the University's top priorities. Professor Romano agreed. Governor Kelly added that it was important to build into the plan some automatic processes that would prevent another 18 years from going by before the next master plan is developed. Vice President Decatur agreed and advised that it would be the responsibility of future administrations and future boards to see that process happen. Governor O'Brien asked if the University staff working on the project are able to work concurrently on their regular projects, or if additional staff will need to be hired. Vice President Decatur advised that there is sufficient staff to cover the workload and that additional staff can be pulled in as needed.

ACTION: Upon motion made by Professor Beale 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 consultant contract for the completion of a campus master plan and authorize spending no greater than \$1.5 million. The campus master plan will be funded by savings from FY2016 Bond Refinancing. The motion carried.

COMPUTER LAB CLASSROOM RELOCATIONS PRENTIS HALL

Vice President Decatur noted that Prentis Hall is the former home of the Ilitch School of Business. The project involves relocation of computer lab classrooms for math and science from the science and engineering library to the second floor of Prentis. This project also includes some deferred maintenance projects in the Prentis building, including the replacement of the hot water heating piping, an upgrade to mechanical, and life safety systems and restroom renovation. The total project cost per square foot will be \$276 dollars. Minus the water and heating and pipe replacement, the cost would be \$218 dollars per square foot. There will be another future project for Prentis as academic programs are moved out of Rackham Hall and into Prentis. Professor Beale asked if the process of moving the lab classrooms would result in better access to more enhanced facilities and equipment in terms of technology. Ms. Ashley Flintock, Director, Facilities and Space Management, advised that the renovation includes new infrastructure and updated computer equipment from math and computer science. Professor Romano asked how the high renovation cost was determined. Ms. Flintock noted that Prentis is currently set up as office space and extensive renovation is required to turn it into lab classrooms, upgrade the infrastructure for the computer classes, and upgrade the HVC and restrooms to bring them up to current building codes and allow for ADA accessibility. The budget is driven from prior work with an architecture firm with bench marking derived from historic numbers used to develop the preliminary budget. Mr. Zamzam asked about the number of classrooms, and then the number of computers per classroom. Ms. Flintock noted that there are 3 math and 2 computer science labs. There has been extensive work with the departments to make sure that the space design will meet needs and match class registrations. Governor Dunaskiss asked about future uses of other space in the building, and whether those spaces will be incorporated in this design phase and also consolidate design fees. Ms. Flintock noted that all opportunities to consolidate the design and find efficiencies will be explored.

ACTION: Upon motion made by Governor Busuito and supported by Governor Kelly, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to design, solicit bids and award contracts for the relocation of Computer Lab Classrooms from the Science and Engineering Library to Prentis Hall with a project cost not to exceed \$2,400,000. Funding for this project will be provided by 1) \$1,900,000 from University Bonds and 2) from University deferred maintenance funds. The motion carried.

STEM INNOVATION LEARNING CENTER

Vice President Decatur provided an overview of this project, which includes the renovation of the existing space into general classrooms and instructional laboratories, hacker labs, 3 student gathering spaces, and specific office space dedicated to STEM outreach to K-12. Included in the presentation were the project budget, funding sources, and uses by type of expenditure.

Professor Beale asked what percentage of space would be dedicated to STEM outreach and to K-12 and what groups or schools would use the space. Ms. Flintock noted that the building has 109,270 square feet of usable space not including the basement. The space for K-12 includes an office and a large meeting space for 12-15 people on the first floor. The K-12 outreach will have use of other spaces within the building as needed to accommodate camps and outreach activities. President Wilson noted that there are a lot of programs, particularly in the summer, with different K-12 groups with little coordination. Securing space to consolidate programming that the University has with DPS and K-12 may help to garner the support of the Mayor and Governor for the project. Provost Whitfield noted that more than 50 summer programs are held at the University, some with a residential component. Examples of the types of programs that might use the space would be Smash Academy, whose participants are students in the 9th grade, Math Corps and coding camps.

Professor Romano asked about accessibility of the book collection that will be displaced in the Science Library. Jon Cawthorne, Dean of the Libraries, noted that the materials would be accessible through electronic resources and the undergraduate library and made available as requests come, on an as needed basis.

Governor O'Brien asked about the timeliness of the State appropriation as the project is dependent on the allocation of \$14 million in State funding. President Wilson noted that once the budget is signed, the State funds may be immediately available.

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 award contracts for the design and construction of the STEM Innovation Learning Center contingent upon State of Michigan approval of appropriation of requested capital funds. In June 2017, the Board authorized \$2M in spending for planning and design activities. It is further recommended that the Board of Governors authorize additional spending of up to \$38M for a total project cost of \$40M to design and construct the facility. The project will be funded by: 1) \$14.75M by State of Michigan appropriation and 2) \$25.25M by University Bond funds. The motion carried.

HARWELL FIELD BLEACHERS AND PRESS BOX BUDGET REVISION

Vice President Decatur reported that the Harwell Building opened in April 2017. Bleachers and Press Box were a second phase of the project where 226 seats and a 2-chair press box were approved for construction in March 2018. The original budget approved by the Board at that time was \$505,000. Bids for the concrete foundation came in much higher than anticipated and the overage identified will be fully funded by philanthropic gifts.

ACTION: Upon motion made by Governor O'Brien and supported by Governor Kelly, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to increase spending for the Harrell Field Bleachers and Press Box project by \$125,000 in addition to the previously approved amount of \$505,000 for a total of \$630,000. Funding for the project will be provided in full from funds raised by the Athletics Department for this purpose. The motion carried.

UNIVERSITY TOWERS DEFERRED MAINTENANCE IMPROVEMENTS

Vice President Decatur reported that the University Towers is one of the larger student housing complexes, built in 1995 with 11 stories of apartment style housing. This project includes replacement of toilets and HVAC units, refurbishment of the chiller and cooling tower, installation of a new air handler, and miscellaneous glass and sidewalk repair. Corvias will manage the bidding and construction. The project budget, sources and uses were then presented and discussed.

Professor Beale inquired about the difference in maintenance costs between Prentis Hall and University Towers. Vice President Decatur advised that the University Towers renovation is limited to changing out toilets and HVAC units, refurbishment of the chilling and cooling tower, a new air handler, and miscellaneous glass on the sidewalk and is not a major deferred maintenance project for that entire building. Professor Beale asked if there were further large deferred maintenance issues. Mr. Pecic noted that there were deferred maintenance issues on review and forecast out for future years as the budget allowed. Governor Thompson asked about the amount that will remain from the bond proceeds at the conclusion of this project. Vice President Decatur noted that the largest projects are the Anthony Wayne Drive Apartments, Chatsworth, and DeRoy and an additional \$6 million dollars for upgrades to existing housing. There might be one more project in the initial upgrades but there will be no funds remaining from the bond offering.

ACTION: Upon motion made by Mr. Zamzam and supported by Governor O'Brien, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending for deferred maintenance improvements at the University Towers Apartments for a total not to exceed \$1.1 Million. Funding for this project will

be provided from the proceeds of the Corvias bond closing. The motion carried.

LEASE AUTHORIZATION REQUEST:

- 1000 DEGREES PIZZA
- WSU CONEY ISLAND, INC.
- DT TUBBY'S, LLC

Vice President Decatur next presented a set of long-term leases for retail establishments to be located in the Anthony Wayne Drive Apartment complex. He noted that 1000 Degree Pizza had local franchise owners and were located in Rochester Hills. The 2,146 square foot space will be in Anthony Wayne Drive Center Tower with a 10-year base lease at \$24 dollars per square foot in the first 5 years, \$26 in the second. The lease provides 2 additional 5-year options at \$28 and \$30 dollars, respectively. A sub-franchise, So Sweet, will also be housed at this location.

Leo's Coney Island has a local principal franchise owner and will be located in 33,775 square feet in Anthony Wayne Drive South Tower with a 10-year lease of \$22 dollars per square foot for the first 2 years, \$24 for years 3-5, and \$26 for years 6-10.

DT Tubby's has a local principal owner located in Farmington Hills and will be located in 1,735 square feet in Anthony Wayne Drive South Tower with a 10-year lease at \$28.50 a square foot for the first 5 years, \$30 dollars for the next 5, and two 5 year options at \$32 and \$34, respectively. There will be a fresh baked cupcakes sub-franchise at this location.

Governor Kelly proposed to consider the three lease authorization requests together.

ACTION: Upon motion made by Chair O'Brien and supported by Governor Busuito;

Pursuant to University Policy 04-6 Contract Signatories, section 4.1.A.2 regarding the lease of real property, where the lease is for a period longer than 120 months including an unconditional right of renewal, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to enter into the following three agreements:

1. A ten-year lease agreement with additional options with 1,000 Degrees Neapolitan Pizzeria and So Sweet, a Michigan Corporation;
2. A ten-year lease agreement with additional five-year option with WSU Coney Island Inc., a Michigan Corporation; and
3. A ten-year lease agreement with additional options with DT Tubby's, LLC, a Michigan Corporation.

The motion carried.

noted that the previous summit was held in 2016, and the Mayor attended. The summit was an effort of the members of the community to look at how to improve the health of the community. It involved foundations and community members involved in some aspect of health, with a goal of forming a white paper with solutions at the end of the summit. The Barthwell Group is completing the white paper and doing the planning for the next summit.

Governor Gaffney asked for clarification on EAB Global. Provost Whitfield noted that EAB is a research group, used for the student success collaborative, and has provided different research forums across every aspect of campus from student affairs to FP&M, to academics, to bring them all under one umbrella. They have an on-campus presence, are consultant advisors and the University has access to the research component that they do across the nation. The University has a subscription to their research forums that allow access to their detailed research. Governor O'Brien asked whether there would be a future price increase for their services. Provost Whitfield advised that the university has a three-year contract in place. Vice President Decatur noted that EAB replaced the NACUBO, National Association of Colleges and University Business Officers, as a primary source for research on best practices, and comparative analysis across higher education. EAB also provides research in the finance area, with on-site consultation to provide assistance on specific projects.

Governor Thompson asked about the Parade Company contract. Vice President Wright noted that the University retained a three year contract and would continue to sponsor Kermit, but for the 150th, will be sponsoring a new float.

Professor Beale asked about the \$125,000 PriceWaterHouse Coopers cost for basic auditing of tax returns and the partnership structure for the sale of 2727 2nd Ave, and the amount of hours of work applied. Vice President Decatur noted that it was the old Kresge Headquarters and that PriceWaterHouse Coopers looked at 35 years of history to understand the entire transactional history, rights and responsibilities of the University and identified alternative strategies and potential tax issues. Vice President Decatur will check on whether the \$125,000 was for hours worked or project completion.

ADJOURNMENT

There being no further business, the committee adjourned at 11:55 a.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors