



BUDGET AND FINANCE COMMITTEE

March 20, 2019

Minutes

The meeting was called to order at 11:43 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 Barnhill, Kelly, Thompson and Trent; Linda Beale Faculty Representative, Richard Smith, Faculty Alternate Representative; Anchita Sanam, Student Representative and Mazen Zamzam, Student Alternate Representative

Committee Members Absent: Governor Kumar

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

APPROVAL OF MINUTES, FEBRUARY 1, 2019

ACTION: Upon motion made by Governor Thompson and supported by Ms. Sanam, the Minutes of the February 1, 2019 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Vice President Decatur reviewed the report, which included requests for funding three searches: an Associate Vice President, Facilities Planning and Management, an Executive Director, Office of Business Innovation, and for the Vice President, Health Affairs/Dean of the School of Medicine.

Governor Thompson asked for further clarification of the Executive Director and Office of Business Innovation. Provost Whitfield noted that after previous discussion with the Board this more focused and smaller office model was created to improve industry relations. The Executive Director will engage with industry, work with tech transfer, provide licensing, create research opportunities with outside partners and report to the President through the Provost.

Professor Beale noted that it would be very helpful for the Academic Senate to have a position description and information about the organizational structure before the hire and made a motion to table their request for the next meeting.

Professor Beale asked about the status of a search for a graduate school dean. Provost Whitfield added that the search would be internal with a search committee formed.

Governor Thompson asked if the question, raised in a health affairs subcommittee meeting on whether the VP of Health Affairs and the Dean of the School of Medicine should be one combined position, was resolved. President Wilson advised that he had reviewed the rationale for the combined position with the Board, including his planned goals for Health Affairs, and there was general agreement with moving forward.

Professor Beale commented on her belief that consultation with the Senate would have been appropriate in this matter, as a part of shared governance. President Wilson noted her concern for the future, but advised that it was an appropriate administrative decision regarding administrative structure made at the Presidential level. Governor Kelly commented that the request was not to change the decision making authority, but to allow the faculty senate or others to weigh in. President Wilson understood the comments and will note for the future. Professor Beale's motion to table was supported by Governor Thompson, and affirmed by a vote of the committee. With that vote, request for a transfer of \$100,000 in support of a search for Executive Director, Office for Business Innovation was tabled until the committee's next meeting. The committee then took action on the remaining items before it:

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget and Finance Committee approved the proposed transfers for two search activities: \$200,000 to fund the search for a VP, Health Affairs and Dean, School of Medicine, and \$125,000 for a search for AVP, Facilities Planning & Management. The motion carried.

TOWERS RESIDENTIAL SUITES AND CAFÉ DINING ADDITION

Vice President Decatur provided an overview of the proposal for funding for an addition to the Towers Residential Suites and Café Dining. The project is not to exceed \$2,150,000, and will be paid from the residential dining operating fund balance. The location of the addition is at the South side of Towers. The additional seating is needed due to the number of new residents from the new Anthony Wayne Apartments, as well as from new commuter plans purchased each year. These needs will exceed the capacity of the current dining facility. Plans for the space include a 5500 square foot addition with 300 more seats and an outdoor patio.

Under the Corvias Partnership, the first phase of the Anthony Wayne apartments opened this last fall and the second and final phase of the Anthony Wayne apartment project will open next fall. At that time, the Chatsworth Apartments will be closed for renovations. Governor Kelly commented that she did not recall the need for expanded dining facilities discussed when the additional housing was approved. Tim Michaels, AVP of Auxiliaries, advised that there have been challenges in providing adequate dining support on campus with increases on-campus occupancy from over 2600 in 2003 and 2005 to the future expected 3800 residents. There is also an ongoing struggle to support orientation

programs and fall and winter open houses. In parallel to the housing master plan, Chatsworth will expand, when renovations are completed, from 125 to 360 students in suites without kitchens, who will also be using the meal plan. There is no mention in the housing master plan of expanding the dining facilities, but monies were saved for this purpose. Governor Kelly suggested that it would be best to alert the Board and plan for future additional monetary requests.

Governor Thompson asked if these types of projects were going to be reflected in the master plan and advised that when not enough lead time is provided, it impacts how the projects it fits in an overall plan and is not a very coherent way of making decisions.

Vice President Decatur reported that the master plan, when completed, will be a 10 year plan for capital expenditures and that it is his plan to shift to at least an annual, if not a three year capital budget that would reflect these types of projects. The goal is to have a comprehensive master plan completed mid-July and reviewed with the Board.

Professor Beale asked if the Keast Commons advisory group was consulted about the changes under discussion. Tim Michaels noted the group had met, including with the University's current master planning consultants, to understand consistency with other planning underway and to ensure that feedback was incorporated. The group started in the middle of February with faculty, students, and staff to study the residential precinct of campus related to the Green Spaces.

Governor O'Brien asked about the timing of the construction, how much balance will be left in the residential dining operating fund and whether it will be replenished. VP Decatur advised that there will be \$156,000 left in the account after the project. Net income from every year's operation was put into that fund balance and this is an auxiliary operation, so any funds and net income will go into that fund balance. Construction is scheduled to start after school starts in September and be ready for use in January. As indicated earlier, the expanded facilities are also needed to accommodate Chatsworth and the spring groups/conferrees on campus.

Ms. Sanam asked about the budget impact of the increased use in dining. Tim Michaels noted that Aramark will continue to be the food service contractor and there will be little incremental expansion of their expenses related to the additional dining space. The current kitchen will remain adequate and beyond front of house staff, including student workers, there will be little incremental cost outside of utilities.

Governor O'Brien asked when the Aramark contract ends. Tim Michaels advised that the umbrella agreement ends in 2024 and the current 5-year subcontract will be revisited in 12 months. It does not to the Board for approval; this is reformatting of a contract already approved.

Governor O'Brien noted that there was some previous dissatisfaction with Aramark and asked whether the contract had been extended. Tim Michaels noted that the contract had not been extended and components will be revisited in 2 years.

Governor Gaffney reminded the committee that at the heart of this discussion, it is good news to have more students living and eating on campus.

ACTION: Upon motion made by Professor. Beale and supported by Governor Barnhill, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award contracts to build an addition to the Towers Residential Suites and Café Dining Facility for a project not to exceed \$2,150,000.00. Funding will be provided from the Residential Dining Operating Fund. The motion was carried.

LEASE AUTHORIZATION REQUEST- CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS

Mr. Michaels provided an overview of this proposal, for a lease of space in the Anthony Wayne Drive Apartments for antennae and hardware for Verizon Wireless. Verizon currently leases space on top of the DeRoy Apartment, which is scheduled to be demolished. The lease for that space expired in August and a new lease in the new location was created. The cell towers will be moved across the street, as outlined in the details for this proposal.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Thompson, the Budget and Finance Committee, 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, recommended that the Board of Governors authorize the President, or his designee, to enter into a 60 month (5 year) lease agreement (with three additional 5 year options to renew for a total of an additional 180 months) with Cellco Partnership d/b/a Verizon Wireless, a Delaware Partnership. The motion carried.

FISCAL YEAR 2018 FINANCIAL STATEMENTS

President Wilson asked if, based on the lateness of the time, whether the presentation portion of the report could be held over to future meeting. VP Decatur noted the report covered highlights from the audited financial statements for the prior year and could be presented another time. The audit was complete and the audited financials and the audit were presented to the Board's audit committee on February 5, 2018 and approved at that time. The audit was clean, and there were net positive results.

Governor Barnhill asked for clarification regarding the University Health Affairs revenue. Ms. Tamaka Butler, University Controller, noted that in 2017, Health Affairs made changes in the flow of funds for the Medicaid public entity physician adjustment program. Prior to 2017, UPG, the University Physicians Group, served as the University's agent for these funds, which were received through the FMRE. With the change implemented in

2017, those funds flow directly to the University. Governor Busuito asked about the formula used to distribute those funds back to the providers. President Wilson noted that the topic will be put on the agenda for the next health affairs committee meeting.

MAJOR CAPITAL PROJECT SUMMARY AND THE MAJOR REAL ESTATE PROJECT SUMMARY

Governor Kelly noted that this was an information item; there were no questions raised on this report

PURCHASING EXCEPTIONS

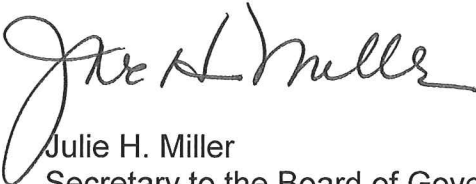
Vice President Decatur presented the informational report on purchasing exceptions. Governor Thompson raised a question about the Mydoc program. VP Lessem reported that this program is managed by Doug Skryzniarz for several different Universities. The services are provided through Wayne State University which is reimbursed and then forwards the fees.

Governor Thompson asked whether the \$92,000 payment for Lisa Keane is the final payment, since her contract ended. Vice President Decatur confirmed. Professor Beale asked about the major capital projects overview. Governor Kelly noted that it had to do with a contract under consideration and was not appropriate for a public meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:22 p.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors