



Budget and Finance Committee

December 7, 2023

Minutes

The meeting was called to order at 9:00 a.m. by Governor Barnhill in the Garage at TechTown, 440 Burroughs St., Detroit, MI 48202. Governor Barnhill offered his congratulations and best wishes to outgoing Senior VP Massaron, as he completes his last Board of Governors meeting before departing the University, and then asked the Secretary to call the roll. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Gaffney, Kelly, Kumar and Stancato; Linda Beale, Faculty Representative and Andrea Sankar, Faculty Alternate Representative; Cordelia Krajewski, Student Representative and Huda Syed, Student Alternate Representative

Also Present: Governor Busuito; President Espy; Acting Provost Clabo, Vice Presidents Ezzeddine, Lindsey, Massaron, Potala, Ripple, Schweitzer, Staebler, Stemmler, and Wright; Associate Vice President Hafner, Associate Provost Padgett, and Secretary Miller

APPROVAL OF MINUTES, SEPTEMBER 29, 2023

ACTION: Upon motion made by Governor Stancato and supported by Governor Kelly, the minutes of the September 29, 2023 meeting of the Budget and Finance Committee were approved as presented. The motion carried.

CONTINGENCY RESERVE

There was no report from the contingency reserve; the balance remains unchanged.

PARKING STRUCTURE #2 REPAIRS AND MAINTENANCE

Recap on Capital Projects for 2023

AVP Davenport began this discussion with a brief recap on capital activity. The university uses a 5-year rolling capital plan, which began in March 2023 with \$100 million allocated for the 5-year period. Some adjustments were made over the year, including adding categories to make the allocations more transparent. He advised that parking structure repair restoration and equipment and technology were the categories added, bringing the adjusted capital allocation to \$118-119 million for the next 5 years. He added that the adjusted allocation for 2023 was just over \$34 million. The unit began with 68 projects, to which some were added and some were deleted. Fifty-one projects were completed, funded at approximately \$16.6 million, and \$15.5 million has been carried over. AVP Davenport advised that he has completed a deep analysis of the completed projects,

which he could present at a future meeting. The completed projects include State Hall, the Hilberry Gateway Project, the Vivarium in Scott Hall, the tennis courts at Matthaei, and repairs to parking structure 5, among others. He briefly discussed the allocation for future projects between deconstruction and operations, and how Facilities, Planning & Management will manage these projects and funds.

Governor Gaffney asked about the status of elevator repairs, which he noted had \$12 million in repair costs, and whether that work has been completed. AVP Davenport advised that elevator work continues, and that the university has 125 elevators on campus, with some buildings continuing to struggle. He added that an issue that everyone is struggling with is the number skilled trades workers, elevator mechanics in particular, which impact these repairs. He added that there is a lot of construction going on in the city, and getting parts and people for these projects has been a struggle and is part of the reason some of these projects have taken longer than anticipated. He estimated that there are more than \$4 billion in projects in downtown alone not including the new bridge to Canada.

Governor Kelly asked AVP Davenport what his biggest concern is, given the issues outlined. Mr. Davenport advised that his largest concern is labor resources. One of the biggest issues they faced last year was the ability to get architects and engineers and general contractors on the job

Parking Structure #2 Repairs and Maintenance; Parking Structure #4 Repairs and Maintenance

Turning to the first two capital projects before the committee, Mr. Davenport advised that there are two projects related to parking structure infrastructure repairs, largely concrete repairs, columns, beams, and t-stems, etc. The first of these is Parking Structure #2, located behind Anthony Wayne Drive between the service drive before the Lodge and Anthony Wayne Drive Apartments. This is an extensive repair project estimated at \$2.7 million.

Governor Barnhill asked for a motion to approve the recommendation and the following action was taken:

ACTION: Upon motion made by Governor Kelly, supported by Professor Beale, the Budget & Finance Committee recommended that the Board of Governors authorize the President, or her designee, approve spending to design, solicit bids, and award contracts for Parking Structure #2 repairs and maintenance with a project cost not to exceed \$2,700,000. Funding for this project will be provided by Bond Funds. The motion carried.

Moving to Parking Structure #4, Mr. Davenport advised that the same background just discussed applies to Parking Structure #4. This structure was built in 1978 and has 1200 parking spaces. The scope of the project is the same, with an anticipated cost of \$2,200,000.

Professor Beale asked for clarification on project management fees, and whether those are paid to the WSU team or to an external contractor. Mr. Davenport advised that there

are 2 sets of fees. There are fees for architectural and engineering, which are embedded in their costs, and a project management fee for FP&M. As background, he advised that the University's design and construction services team and labor is funded by capital projects so there's an allocation included for each project. The following action was then taken:

ACTION: Upon motion made by Governor Kelly and supported by Governor Gaffney, the Budget & Finance Committee recommended that the Board of Governors authorize the President or her designee to approve spending to design, solicit bids, and award contracts for Parking Structure #4 Repair and Maintenance with a project cost not to exceed \$2,179,000. Funding for this project will be provided by Bond Funds. The motion carried.

HELEN L. DERROY AUDITORIUM - REFLECTING POOL REPAIR AND INTERIOR RENOVATION

The next project centers on repairs to the Reflecting Pool and interior renovation for the Helen L. DeRoy Auditorium. Last year, the Board approved \$2 million in funding to address the exterior of DeRoy, and the reflecting pool. The DeRoy Foundation advised the University that they would provide another \$1.5 million if the University matched another \$1 million, to bring an additional \$2.5 million to the project, making a total of \$4.5 million available for renovations. Mr. Davenport advised that the DeRoy auditorium is the cornerstone of all classrooms around campus. He added that it is the largest classroom on campus, and with the completion of State Hall, he believes this renovation is really important.

ACTION: Upon motion made by Governor Gaffney and supported by Governor Stancato, the Budget & Finance Committee recommended that the Board of Governors authorize the President or her designee to approve spending to design, solicit bids, and award contracts for the repair of the Helen L. DeRoy Auditorium reflecting pool and its interior renovation with a project cost not to exceed \$2,500,000. Of the total project cost, \$1,000,000 will be used to repair the reflecting pool in addition to the previously approved \$2,000,000, and \$1,500,000 will be used for interior renovation. Funding for this project will be provided by Bond Funds and the DeRoy Testamentary Foundation. The motion carried.

FACULTY ADMINISTRATION BUILDING (FAB) - HVAC CONTROLS REPAIR AND UPGRADES

AVP Davenport advised that the HVAC controls repair and upgrades at the Faculty Administration Building are long overdue. The project will keep water out of the building, keep it warm in the winter and cool in the summer, on a consistent basis. These have been chronic problems for years, and he believes this investment will be well-received by the building's occupants. Governor Kumar asked whether the team has looked at technology utilized in Europe that may be more effective and less expensive than has been used here previously. Mr. Davenport advised that the university studied and has used similar technology at the Hilberry Gateway, and that they are continuing to look at new and advanced solutions to University buildings. He added that the FAB project doesn't require a full changeout of equipment, and is more on the controls side, and thanked Governor Kumar for the suggestion.

ACTION: Upon motion made by Governor Stancato and supported by Governor Kelly, the Budget & Finance Committee recommended that the Board of Governors authorize the President or her designee to approve spending to design, solicit bids, and award contracts for FAB HVAC Controls Repair and Upgrades with a project cost not to exceed \$2,173,500. Funding for the project will be provided by bond funds. The motion carried.

LANDE HALL - CHILLER REPLACEMENT

Mr. Davenport advised that with the research activity in this building, the chiller is an important piece of equipment that must be working. The chiller, nearly 40 years old, will be replaced with new technology. They will be installing a modular-type arrangement, again utilizing new technology and will increase the reliability of the service for the building.

ACTION: Upon motion made by Professor Beale and supported by Governor Kumar, the Budget & Finance Committee recommended that the Board of Governors authorize the President or her designee to approve spending to design, solicit bids and award contracts for the Lande Chiller project with a cost not to exceed \$762,00. Funding for this project will be provided by Bond Funds. The motion carried.

SCOTT HALL - CHILLER REPLACEMENT

Mr. Davenport advised that the chiller being replaced is an absorption chiller, which is powered by steam rather than electricity. He added that this is the most inefficient way to provide cooling and is one of three the university has on campus. A modular configuration will also be used with this replacement, which will provide stepped cooling when needed, and provide redundancy that is not currently available. He advised that if the current chiller goes down, the building would be without cooling entirely.

ACTION: Upon motion made by Governor Gaffney and supported by Governor Stancato, the Budget & Finance committee recommended that the Board of Governors authorize the President or her designee to approve spending to design, solicit bids and award contracts for the Scott Hall Chiller project with a cost not to exceed \$1,500,000. Funding for the project will be provided by bond funds. The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS SUMMARY

Mr. Davenport highlighted completion of the State Hall and Hilberry Gateway projects, and the current continuing work on the Valade Jazz Center, and asked if there were any questions on the remaining items on the report. There were no questions on the project summary. Before moving on, Governor Gaffney took a few minutes to also recognize outgoing CFO David Massaron for his work on behalf of the institution, and in bringing a logic and order to the repairs and the university's improvement to its physical plant. He believes the work underway will lead to a beautiful center and campus hub and thanked SVP Massaron for what he has brought to the campus. SVP Massaron thanked Governor Gaffney for his comments and advised that these accomplishments have been a team effort.

PURCHASING EXCEPTIONS

There were no questions on the purchasing exceptions report.

Governor Barnhill reiterated the comments made previously about SVP Massaron's contributions and impact on the University in the short time he's been with the University, and

the fact that he is moving on to another opportunity is very much a credit to what he has accomplished. He offered his congratulations and thanks. SVP Massaron expressed his appreciation, and added that his father gave him some good advice, which was to make sure people remember you for the work you do, not the words you say. He thanked the Board for the support they have given to him and his team, which he knows will continue to make progress for the university.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:55 am.

Respectfully submitted,

A handwritten signature in black ink that reads "Julie H. Miller". The signature is written in a cursive style with a long horizontal flourish at the end.

Julie H. Miller
Secretary to the Board of Governors