

Via Zoom

Time: 11 am – 12:30 pm

Members Present: Paul Beavers (chair), Linda Beale, Stephen Calkins, Wei Chen, Susan Davis, Brian Edwards, Mahendra Kavdia, Santanu Mitra, William Volz

Members absent with notice: Faisal Almufarrej, Leela Arava, Stephen Calkins, Sudip Datta, David Edelman, Carol Miller, Charles Parrish, Jennifer Stockdill, Ricardo Villarosa,

Liaisons: Kristen Chinery, AAUP-AFT; Jasmine Coles, Student Senate; Duke Debrah, GEOC; Sharon Lean, Graduate School

The minutes for this meeting

The chair announced that he would be making a video recording of the meeting and deriving the minutes from them. He also apologized for not having the minutes for October 25 and November 16, 2020 prepared.

Paul Beavers also welcomed back Bill Decatur who had retired about one-year ago. He also remarked on the fact that Rebecca Cooke volunteered to fill in on an interim basis for three months. Unfortunately her third month was March 2020 and the COVID crisis changed her plans as profoundly as it changed everyone else's. Rebecca was to retire at the end of that week. Bryan Dadey was also leaving WSU to become Vice Chancellor and Chief Financial Officer at the University of Michigan-Dearborn. On behalf of the Budget Committee, Paul expressed his thanks for all Rebecca and Bryan had done for them and wished them the best of luck in their new adventures. They both showed respect for shared governance and a willingness to communicate frankly on complex issues. Paul emphasized that their work with the Budget Committee was greatly appreciated.

Paul also mentioned that, as a member of the search committee, he could state that we have once again begun the search for a new Vice President for Finance and Business Operations. Much of the work of the preliminary work of the search committee is conducted privately, but Paul will update the Budget Committee as much as possible.

Documents to be presented at the January 29, 2021 Meeting of the Board of Governors Budget and Finance Committee

Bill Decatur presented the documents.

Contingency Reserve Report January 2021

There was no change to Contingency Reserves. The full \$500,000 budgeted to the reserves at the beginning of the fiscal year remain available

McGregor Memorial Conference Center Elevator Modernization Program

\$695,000 is allocated to modernize the elevators in the McGregor Center: \$127,500 from the McGregor Memorial Facility Reserve and \$567,500 from Deferred Maintenance Reserves. Rob Davenport explained the importance of this modernization. Catering for the entire campus emanates from the basement of

the McGregor Center. It is, therefore, essential that they be able to reliably move food from the basement kitchens to the first floor of the center. The elevator has outlived its expected viability, and it has become increasingly difficult to find replacement parts for repairs. Rob added that there is a total of \$52 million worth of elevator repairs to be done on campus. This past summer a thorough study was done. They have budget numbers to back up the estimate of \$62 million and the projects have been prioritized. In FY 2021 about \$6 million will go to the elevator projects.

The high priority elevator projects beyond the McGregor Facility are Scott Hall (which is already underway) and Applebaum. Old Main and the Student Center elevators are also seen as high priority

Linda Beale asked about the mention of the IBIO elevator having failed (Item 20 on the Purchasing Exception Report). That is a relatively new building. Rob said the repair has already been done. The elevator that failed was a freight elevator. There was a borderline defect in the transaction engine itself, but it was out of warranty so the cost of repair fell to the university. It is on the exceptions report because we needed to the manufacturer to make the repair. No one else could.

State Hall Renovations

Rob Davenport explained that \$6 million is to be allocated for design and preconstruction services for the comprehensive renovation of State Hall; \$225,000 from the Non-recurring Project Reserve funds and \$5,775,000 from the 2020 Bond Sale Funds. Our attempt to secure State of Michigan funding for the renovation of State Hall did not work out. The completion of the first three phases of the project — schematic design, design development, and construction documents—will allow us to determine the costs of the completed project. We have already been engaged with stake holders across campus about the design of State Hall and by the end of this phase of the project we will have made specific design decisions. In a year or so, Rob will be back with a complete budget and plan for the approval of the Board of Governors. Currently, it is believed that this project will come in at \$80 million or less.

Rob emphasized that the faculty will be deeply and repeatedly engaged in this process.

It is unlikely that the State Hall project will receive any State of Michigan funding down the line though we will continue to explore the possibility. Perhaps the Federal government will release funds to support such projects as we come out of the COVID crisis.

The initial plan was to develop a performance contracting plan for energy conservation for State Hall. Early on it was discovered that State Hall is cooled with chilled water from the Chemistry Building. Interesting State Hall itself provides steam not only for itself, but also for Prentis Hall and DeRoy Auditorium. They found that there was a seven-building cluster around the Chemistry Building that form a unit: Chemistry, Science Hall, Life Sciences, STEM (which is done), State Hall, Prentis, and DeRoy. They have engaged an engineering firm to get a clearer picture of which buildings supply what resources to the other buildings. They hope to be able to conduct retro-conditioning, which will lower energy consumption and fine tune energy efficiency and use it as a model for such work across campus.

We are poised to get LEED (Leadership in Energy and Environmental Design) certification for the STEM Building. The score card for such certification is really a road map to operate buildings as efficiently as possible. Regardless of whether we go for the certification, using the spirit of the score card is super important.

Paul encouraged Rob to publicize this move toward energy efficiency. He believe it is important to our students and faculty. He has been on Madonna's campus and seen the public emphasis they place on such efficiency.

There is an issue with air quality in the Community Arts Center. The building was built in the 50s. It has an air exhaust system, but does not have a forced air system. We can and do move air, but we are not doing so in the way we should. We need to do so with an air handler and air conditioning. The air handling will allow for adequate air filtering. Filtering is not presently at the level it ought to be. Moving air and filtering air are essential in addressing the COVID pandemic and reducing the possibility of infection. Linda believes a similar problem exists in the Law Library and Law classrooms building. Rob will look into that.

Paul asked if we have expanded the full amount of COVID support we received last summer. Rebecca replied that she believes we are in pretty good shape. We very successfully made the match within FY 2020. Plante Moran has signed off on those issues and has been a great source of advice in addressing them. Rebecca believes there is still some money that has been committed but not yet spent. There is a deadline in the spring to do so. Rebecca is talking about the money that came directly to the university from the Federal Government. There is also money that came to us through the state. All the spending of those funds has been completed. The latest Federal legislation provides additional funding: some will go to students and some will go directly to the university. The really good news is that the funds provided to the university can be used to address lost revenue; the original funding could not be used for that purpose.

Major Capital Projects: Informational Report

Rob Davenport addressed the two projects highlighted in red: the refurbishing of the five elevators in Scott Hall and the construction 1,300 square foot addition for administrative offices in Matthaei. Both were marked for needing to be reworked. Renovation of the Scott Hall elevators is underway, but COVID infection significantly reduced the number of mechanics available to work on the project. Some materials coming from China have also been delayed. The new completion day of August, 2021 is a good six months later than the original completion date. The Matthaei addition is an incredible situation. The addition was built and shortly thereafter we discovered a problem with flooding. The flooding was due to architectural omissions in the blueprints and a failure to describe the location of certain piping. The contractor also did certain work without fully describing it to the university. Hydrostatic pressure under the new floor was broken and the water just moved into the building proper. This also compromised the structure itself. We are now working through responsibility assessment with the architect and the contractors. The extra cost will be covered by an insurance company or perhaps several insurance companies. The meetings involve whose insurance companies will cover the costs. The costs should not fall to the university.

The rest of the projects on this list have suffered a good six-week delay due to COVID. But, generally speaking, everything is back on track. The Hilberry Gateway and the arena, the two large projects, are coming along at good pace. The Hilberry Gateway is within budget.

Purchasing Exception Report September – November 2020

Paul asked about Item 18, "Basis: Recommended Source for Specialized Services." It made reference to the Center for Operational Excellence, of which he had never before heard. He would like more information about that Center, including when it was established. No one on the call had any information. Rebecca will have more information by Friday's meeting of the BoG Budget and Finance Committee. Linda suggested this may be another instance of the very loose use of the word "center" in university documents. Linda pointed out that official university centers have to go through an official approval process and regular evaluation for continuation. Paul asserted that the point will have to be raised with the Budget and Finance Committee because this must be brought in line with official policies.

Ricardo Villarosa asked about Item 25, "Basic: Part of the COVID-19 Testing Ramp Up." The testing equipment was purchased jointly with the UPG (University Physicians Group) and then it was decided that the University should be the party to bear the cost. Were these costs covered by the COVID relief funds either from the Federal government or the state of Michigan? Since it came out of General Funds, we were probably using the CARES fund to cover the costs. This was done between Research and the Provost's Office so Rebecca will have to seek further information. A lot of complicated purchases were made on the Medical Campus apropos of the COVID pandemic and Rebecca was not part of those decisions.

Paul noticed that a significant number of the purchases involved genetic testing. He wondered if we were moving to restore and reactivate the Genetics Core. Linda added that the deterioration of the Genetics Core has been a topic at the meetings of the Budget Planning Council over the past five years. It is noticeable that, on this Purchasing Exception Report, the frequent charges for genetic testing at other institutions are not found. Wei Chen offered that the Genetics Core has not been fully functional for the last ten years. We have state of the art equipment for genetic testing, but there are issues with the software and the training/skills of the people running the core. The faculty are concerned about the quality of the testing performed there. This leads her to really question the purchase of more equipment. Bryan Edwards observed that WSU does not generate enough business to justify maintaining a number of the research cores. He believes the university should have a director of core facilities who would establish contracts for testing by external institutions and commercial operations. Wei Chen also added that because we do not have a Genetics Core, Karmanos Cancer Center had to remove references to such a core from their application for a five-year renewal of funding from the National Cancer Institute (NCI).

Linda asked about Item 20, "Basis: Compatible with and Continuation of Prior Specialized Service Purchase, which involves the Sightlines contract. Linda thought our work with Sightlines had ended. Rob Davenport explained that we had changes Sightlines mission entirely. They are now charged with compiling a facilities-condition index score. We discovered that the \$1.2 billion in differed maintenance was based on a fair amount of guess work to the point where the actual differed maintenance number looked as though it could be \$700 million with the remainder being fluff. So Rob's unit decided it needed a true conditions assessment and a proper census of equipment in each building that required maintenance. Sightline's mission is to perform this work. This work is due in April. This data will trigger maintenance work orders. Paul suggested that understanding the amount of differed maintenance

associated with specific facilities would greatly improve decision making and our ability to explain the reasons for these decisions to the campus community.

Linda also had questions about Item 41, "Basis: Compatible with and Continuation of Prior Specialized Service Purchases." Linda wondered if members of the Law School might use these Bloomberg Financial terminals. (Paul Beavers looked into this and discovered that Bloomberg only sells access to this financial data through dedicated terminals. It is intended for sale to a unit like the Mike Illitch School of Business. Item 46, "BASIS: Compatible with and continuation of prior purchases," involved subscription to a set of Refinitive databases. These databases are priced in such a way that they are affordable when purchased for a limited IP range like the Illitch Business School building, but would be prohibitively expensive for the University Libraries to subscribe to them for campus access.

Hearing no further questions, Paul reminded everyone that the January 29 meetings of the BoG Finance Committee and the public meeting of the Board of Governors proper will be live-streamed through a university web page and through the WSU YouTube channel. He suggested that watching would be a significant way of familiarizing oneself with the real business of the university.

In a brief discussion of the state of the FY 2021 Budget, Rebecca observed that we are tracking pretty closely to what we budgeted for this year. But this year's budget is a deficit spending budget and that deficit will have to be addressed in the FY 2022 Budget as well as any additional inflation over the course of FY 2021. Rebecca also added that the C&IT layoffs that are scheduled for later in the year may not prove as severe as originally suggested. The number of layoffs will be lower than originally planned because a dozen employees who were on the list to be laid off have found positions outside the university. This was an effect of delaying the layoffs that Rebecca anticipated and pointed out to the Board of Governors.

Rebecca anticipated that at our March Budget Committee meeting there will be discussion about targets for the FY 2022 budget and the information that will be shared with the Budget Planning Committee.

Rebecca expressed her thanks to the Budget Committee and wished them and the university the best.

The meeting was adjourned.

