

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget and Finance Committee Meeting
February 5, 2015

Regents Present: John McGivern (committee chair), Bill Sneed (committee member), Pam Trusdale (committee member), Robba Moran, Paul Hoferer (via teleconference), Jennifer Sourk, Larry Wolgast

The meeting was called to order at 3:07 p.m. by John McGivern, chair.

1) Minutes of the October 29, 2014 meeting were approved as distributed.

2) Discussion and Review of Options on New Student Housing and Dining Construction

- Regent McGivern said the lowest construction bid came in at \$5.3 million over budget so it was necessary to discuss the various available options. Vice President Anderson said after much discussion with the staff and architects three options have been identified:
 - Award the contract to the lowest bidder keeping on the current schedule. Combine reserves and debt to cover the additional \$5.3 million in costs;
 - Bring in the two lowest bidders, give them 30 days to work with architects to do value engineering, and have them provide their best and final offer. Bring revised bids back to the Board in March and still be able to finish by Fall 2016;
 - Totally redesign the building plan and program, then rebid the project this fall or next spring with opening in 2017. He noted that by next year construction costs may be higher.
- Charles Smith and Steven Heilman from HTK Architects were introduced. Mr. Smith apologized for the extremely high bids saying they were embarrassed by the bids received. In working with the engineers and consultants they have noted several areas where the numbers may have been skewed and where we could save money.
- Several regents commented on the drawbacks involved in trying to cut costs noting we don't want to cheapen the integrity and appearance of the building. We want it to last and want to avoid later maintenance issues.
- Regent Sneed moved to direct staff to reject all bids, bring in the two lowest bidders and working with architects pare down the numbers as best they can. Then bring a proposal back to the next Board meeting, along with additional reserves and debt service needed. Motion passed.

3) Financing Options for New Housing and Dining Project

- Financing options were presented by Vice President Anderson. Our current debt burden ratio is 2.51% which is well below the acceptable range. The Washburn Village and LLC

debt will be paid off in 2020. We will gain some flexibility from a cash flow perspective in 2020 and 2023. We will bring an agenda item to the March Board meeting splitting the bonds with \$7 million in a direct placement finance loan and the rest in traditional bond financing. An agenda item with respect to use of University reserves will be presented at the Regents meeting later this afternoon.

4) Preliminary Discussion of Campus Parking and Sustainability Plan –

- Vice President Anderson reviewed the PowerPoint summary of the current and proposed options for future parking on campus. We are fortunate to have open parking at no charge to users. Deck parking is costly and would mean paying to park. If we go ahead with the housing project it is recommended to proceed with the parking lot south of Durow Drive and west of Washburn Terrace. We would work with the City to study the best options for exiting on Durow and Jewell.
- Regent Sneed moved to have cost estimates for additional parking provided at the March Board meeting.

5) Other issues:

- Capital projects and equipment will be brought to the Board at the March meeting.
- Disposition of the Kappa Sigma house will be included in the capital projects.
- Use of reserves for various projects will be outlined at the March meeting.
- Some type of reduction is expected from the State. The State plans to call back 2% from the current fiscal year allocations.

Meeting adjourned at 4:00 p.m.