

MINUTES OF SEPTEMBER 7, 2016 COMMITTEE MEETING

**BOARD OF REGENTS, STATE OF IOWA
PROPERTY AND FACILITIES COMMITTEE**

**MAIN LOUNGE
IOWA MEMORIAL UNION
UNIVERSITY OF IOWA
IOWA CITY, IOWA**

Committee Members Present

Regent Milt Dakovich, Chair

Regent Patricia Cownie

Rod Lehnertz, University of Iowa Senior Vice President, Finance & Operations

Kate Gregory, Iowa State University Senior Vice President for University Services

Michael Hager, University of Northern Iowa Senior Vice President for Finance and Operations

Patrice Sayre, Board of Regents Chief Business Officer

Presenters / Respondents

Joan Racki, Board of Regents Policy and Operations Officer

John Nash, Board of Regents Assistant Director of Facilities

David Kieft, University of Iowa Business Manager

John Cool, Iowa School for the Deaf and Iowa Braille and Sight Saving School Assistant
Administrator

Chair Dakovich called the meeting to order at 1:52 p.m.

Agenda Item 1 - Minutes of June 8, 2016 Committee Meeting

The minutes of the June 8, 2016 meeting, as presented, were accepted by General Consent.

Agenda Item 2 – Five-Year Capital Plans including FY 2018 Request

Policy and Operations Officer Joan Racki provided an overview of the five-year capital plans followed by presentations of each institution's top priority for state funding by University of Iowa Senior Vice President, Finance & Operations Lehnertz, Iowa State University Senior Vice President for University Services Gregory, University of Northern Iowa Senior Vice President for Finance and Operations Hager, and Iowa School for the Deaf and Iowa Braille and Sight Saving School Assistant Administrator Cool.

In response to a question from Chief Business Officer Sayre, Senior Vice President Lehnertz said the University of Iowa provided document restoration services following the 2008 flood not only for the University but to the City of Cedar Rapids and other governmental agencies. Responding to a follow-up question from Chief Business Officer Sayre, he added that the document restoration services were available before and after the 2008 flood from a combination of Library Sciences students and volunteers. These document restoration services are self-supporting

In response to a question from Regent Cownie, Senior Vice President Gregory said the Veterinary Diagnostic Laboratory generates revenue to cover a portion of its expenses; she indicated she would provide the exact figures. In response to a question from Chief Business Officer Sayre, Senior Vice President Gregory clarified that the Veterinary Diagnostic Laboratory project involves constructing a stand-alone building, renovating 50,000 square feet of existing space, and not razing any buildings.

In response to a question from Regent Dakovich, Senior Vice President Hager said space in the Rod Library is under-utilized because it needs a renovation and has a layout that is not conducive to how students and faculty want to use it. The lack of fire suppression and humidity control contribute to the under-utilization.

In response to a question from Regent Cownie, Assistant Administrator Cool said that the School has prioritized the needs for Long Hall Renovation starting with the fire suppression system and the visual alert system. Mechanical work associated with these two items is also a priority to avoid any unnecessary rework. Responding to a second question, he said the School has a cost breakdown for these items and that he would provide the information.

The Committee, by General Consent, recommended to the Board:

1. Approval of the Five-Year State-Funded Capital Plan for FY 2018 – FY 2022 of \$486.9 million, including a FY 2018 capital request of \$65.9 million to be funded by capital appropriations or Academic Building Revenue Bonds (Table 1 of agenda item).
2. Receipt of the Five-Year Capital Plan (FY 2018 – FY 2022) of \$236.7 million for the University of Iowa Hospitals and Clinics to be funded by Hospital Building Usage Funds (Table 2 of agenda item).
3. Receipt of the report on FY 2018 – FY 2022 capital plans of \$622.0 million for the universities to be funded by sources other than capital appropriations, Academic Building Revenue Bonds, or UIHC Funds (Table 3 of agenda item).

Agenda Item 3 - Five-Year Institutional Roads Program

Board of Regents Assistant Director of Facilities John Nash presented the Five-Year Institutional Roads Program. In response to a question from Chief Business Officer Sayre, Assistant Director of Facilities Nash said the Regents receive approximately \$2 million per year for projects from the Iowa Department of Transportation for the Institutional Roads Program. Policy and Operations Officer Racki added that these funds increased starting last year with the increase in the State's Road Use Tax.

By General Consent, the Committee recommended to the Board approval of the Five-Year Institutional Roads program with capital projects totaling \$10,100,000 for calendar years 2017 through 2021, including projects totaling \$2,020,000 for calendar year 2017.

Agenda Item 4 - University of Iowa Capital Improvement Business Transactions

Senior Vice President Lehnertz presented the University's Register of Capital Improvement Business Transactions.

In response to a question from Regent Dakovich on the Iowa River Landing - Medical Office Building Extension Development project, Senior Vice President Lehnertz said the total design fee has not yet been negotiated but typically runs ten percent of the construction cost; the fee for the design work to be undertaken as part of this more narrowly focused permission to proceed would be significantly less. In a follow-up question from Regent Cownie, Senior Vice President Lehnertz said a construction manager for pre-construction services engages his construction expertise early in the design process to test design and cost assumptions to help produce a better facility overall, especially on complex projects or projects with tight sites like the Iowa River Landing project. Construction managers for pre-construction services have been successfully utilized on previous projects at Kinnick Stadium, UIHC, and on flood recovery projects. In response to another follow-up question from Regent Cownie, he said that a construction manager for pre-construction services can save money and time as witnessed during the 2005 Kinnick Stadium Renovation project where \$4 million in construction costs were saved in the south end zone when the construction manager proposed moving the lockers to the perimeter and placing more structural support on the ground.

In response to a question from Chief Business Officer Sayre, Senior Vice President, Finance & Operations Lehnertz said that the University's Athletic Department would receive the revenue from the Finkbine Golf Course Clubhouse and Support Facility and would be responsible for its expenses.

The Committee, by General Consent, recommended to the Board approval of the:

1. **Following actions for the Iowa River Landing - Medical Office Building Extension Development, Finkbine Golf Course Clubhouse and Support Facility, MRI Suite Safety and PET/MR Expansion and Renovation, Interprofessional Center for Procedural Skills and Simulation projects; all major capital projects as defined by Board policy:**
 - a. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria (see Attachments A, B, and C of memorandum);

- b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration; and
 - c. Authorize permission to proceed with project planning, including the design professional selection process for all projects, and the utilization of a construction manager for pre-construction services on the Iowa River Landing Extension project.
2. Following actions for the **John W. Eckstein Medical Research Building – Renovate Lab Floors 1 – 5, Russell and Ann Gerdin Athletic Learning Center**, and the **College of Pharmacy Building – UIP Fit Out and Manufacturing Equipment** projects; all major capital projects as defined by Board policy:
- a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachments D, E, and F of memorandum);
 - b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration; and
 - c. Approve the schematic designs and project descriptions and budgets (\$9,100,000) for the Eckstein project, (\$6,300,000) for the Gerdin project, and (\$28,420,000) for the College of Pharmacy – UIP project with the understanding that approval would constitute final Board approval and authorization to proceed with construction.

Agenda Item 5 - University of Iowa Proposed Property Purchase

Senior Vice President Lehnertz presented the University's request to purchase the building and land at 108 River Street, Iowa City, Iowa. The University has been leasing this property since March 2009 to house University classrooms and offices. The "Option to Purchase" clause in the lease provides the University with the option to purchase the building and land at \$695,000. This amount is significantly less than the one appraisal received.

By General Consent, the Committee recommended to the Board approval of the purchase of the property at 108 River Street, Iowa City, Iowa from GREK, L.C. at a purchase price of \$695,000 and a waiver of Board Policy 2.3.2 Ciii (conveyance of real estate for monetary consideration based on two appraisals), subject to approval of the final documents by the Board Office and Attorney General's Office.

Agenda Item 6 - University of Iowa Proposed Property Naming

Senior Vice President Lehnertz presented the agenda item and requested that the Property and Facilities Committee recommend to the Board that the Madison Street Residence Hall be named the "Elizabeth Catlett Residence Hall" in recognition of Elizabeth Catlett's achievements and her place in the history of the arts at the University of Iowa.

Senior Vice President Lehnertz noted that Elizabeth Catlett was a member of the University of Iowa's first class of Master of Fine Arts (MFA) recipients, and was the first woman and first African-American to earn an MFA from the University, graduating in 1940. In 2006, the University of Iowa Museum of Art purchased several Catlett prints for its permanent collection. In turn, Catlett donated the proceeds to the UI Foundation to create the Elizabeth Catlett Scholarship Fund which supports students in printmaking.

The Committee, by General Consent, recommended to the Board approval of the naming of the Madison Street Residence Hall as the “Elizabeth Catlett Residence Hall.”

Agenda Item 7 - University of Iowa Request to Raze One Building

Senior Vice President Lehnertz presented the University’s request to raze a residential-style building at 300 Myrtle Avenue in Iowa City. The aged structure has been vacant since the day care facility left in 2015 and has now reached the end of its useful life. Following the demolition, the property would be restored to green space.

By General Consent, the Committee recommended to the Board approval to raze 300 Myrtle Avenue in Iowa City.

Agenda Item 8 - Iowa State University Capital Improvement Business Transactions

Senior Vice President Gregory presented the University’s Register of Capital Improvement Business Transactions. In response to a question from Chief Business Officer Sayre on the Veterinary Medicine-Commons and Café Remodeling project, Senior Vice President Gregory said she would be happy to provide Chief Business Officer Sayre with the café’s operating costs.

By General Consent, the Committee recommended to the Board approval of the:

Following actions for the **Veterinary Medicine-Commons and Café Remodeling** project; a major capital project as defined by Board policy:

- a. Acknowledge receipt of the University’s submission of information to address the Board’s capital project evaluation criteria (see Attachment A of memorandum);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - c. Approve the schematic design, and revised project description and budget (\$3,450,000), with the understanding that approval will constitute final Board approval and authorization to proceed with construction.
2. Project description and budget (\$22,000,000) for the **Utilities – Increase Chilled Water Capacity** project.

Agenda Item 9 – Iowa State University Request for Emergency Contracting Authorization

Senior Vice President Gregory presented the agenda item. On August 7, 2016, during some demolition that was part of the Utilities – Stoker Boiler Replacement project, an eight-foot long, 12-foot diameter section of steel smoke stack fell onto the power plant’s roof causing some of the power plant’s structural precast concrete panels to fall. No one was injured. No power plant equipment was damaged. However, as a safety precaution, the University needed to immediately shore up the power plant’s roof structure on an emergency basis. The contractor has taken full responsibility for any losses to the University and has fully engaged its insurance company.

In response to a question from Chief Business Officer Sayre, Senior Vice President Gregory said the cost of the damage would exceed \$100,000.

The Committee, by General Consent, recommended to the Board ratification of the Executive Director's actions related to the utilization of capital project delivery and purchasing processes as described in the docket memorandum and attachments to restore the Power Plant to its pre-incident condition to protect the building and its contents and ensure continuity of function.

Agenda Item 10 – Iowa State University Proposed Naming

Senior Vice President Gregory presented the agenda item and requested that the Property and Facilities Committee recommend to the Board that the future indoor tennis practice facility be named the "Bruce McKee Indoor Tennis Complex" in recognition of Mr. Bruce W. McKee's \$500,000 gift commitment to the ISU Athletics Department to support the acquisition of this \$2.5 million facility. The name change would be in effect when the University exercises the option to purchase the facility included in the lease previously approved by the Board.

Senior Vice President Gregory stated that Bruce McKee generous financial support of this project reflects his strong confidence in the quality of Iowa State University's athletic programs. He and three of his four children are Iowa State University graduates.

The Committee, by General Consent, recommended to the Board approval of the naming of the future indoor tennis practice facility as the "Bruce McKee Indoor Tennis Complex."

Agenda Item 11 – Institutional Agreements, Leases, and Easements

Assistant Director of Facilities Nash presented the agenda item with Business Manager David Kieft and Senior Vice President Hager. In response to a question from Chief Business Officer Sayre, Business Manager David Kieft said that as the Newblood Development lease replaces the old lease with Mercy Hospital in Clive, there is a slight expansion of square footage from 4,500 square feet to 5,000 square feet.

By General Consent, the Committee recommended to the Board approval of one lease (with Newblood Development, LLC) and one lease (with Medical Oncology Partners, LLC) for the benefit of the University of Iowa and one lease amendment (with Caines Investments) for the benefit of the University of Northern Iowa, subject to approval of the final documents by the Board Office and Attorney General's Office.

Agenda Item 12 - University of Iowa Update of Flood Recovery Status

Senior Vice President Lehnertz presented the update, including the four reports presented at each Committee meeting. He stated that the University was in the midst of major milestones including several dedications of flood recovery projects across the campus. With these dedications, he proposed that this be the final update on the flood recovery. While the new Museum of Art Building, not federally funded, continues to be developed, he would be happy to provide any additional flood recovery information that may be requested in the future.

The Committee received the report.

Agenda Item 13 – Discussion of Future Committee Agenda Items and Other Items

Policy and Operations Officer Racki asked if the institutions had any future or other agenda items. There were none.

Chair Dakovich adjourned the meeting at 3:11 p.m.