

Des Moines, Iowa
September 27, 1961

A special meeting of the State Board of Regents, called by the President, was held in the Board's Office in Des Moines, Iowa, on September 27, 1961, at 11 a.m., with President Hagemann in the chair and Mr. Dancer secretary of the meeting.

Present:

Members of the State Board of Regents: Mr. Crabbe, Mrs. Evans, Mr. Hagemann, Mr. Molison, Mr. Noehren, Mr. Oberhausen, Mr. Redeker, Mrs. Rosenfield, and Mrs. Valentine.

Office of the State Board of Regents: Secretary Dancer and Secretary to Secretary Lenihan.

State University of Iowa: President Hancher, Vice President Jolliffe, Director Jordan, and Assistant to Superintendent Nollsch.

Iowa State University: Vice President Platt.

EXECUTIVE SESSION. The Board resolved itself into executive session at 11 a.m. The Board arose from executive session at 11:55 a.m. and took up business.

STATE UNIVERSITY OF IOWA

The following business relating to the State University of Iowa was transacted:

PURPOSE OF MEETING - COAL CONTRACT FOR 1961-1962 - REVISED CALCULATION OF FUEL COSTS. President Hagemann stated that the special meeting had been called to consider a letter dated September 20, 1961, from Duane A. Nollsch, Plant Engineer at the State University of Iowa, to Vice President Jolliffe, as follows, copies of which had been mailed to Board members:

"I regret the necessity of writing this letter in reference to my letter of September 6, 1961, in which I recommended we buy the third low bid coal. The Board of Regents made an award September 14 based on figures presented in my letter.

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"On the morning of September 15, it was pointed out to me that I may have used the wrong basis on which to make my recommendation. After going over my figures and reasoning again, it became immediately apparent that my recommendation was based on incorrect reasoning as to fuel costs. As soon as I realized my mistake, I advised my superiors with the intention of advising the Board of Regents before they adjourned on September 15. This we were unable to do.

"The coal bid by Thomas J. Mulgrew Company has proven to be 6% more efficient than that bid by the University Avenue Coal Company, and its cost per million BTU's is only 1.8% higher. However, the efficiency is based on pounds of steam per pound of coal, thus the costs which we compare should be based on price per pound of coal and not price per million BTU's, which was the basis of comparison used in my previous recommendation. The cost per pound of coal, of course, is directly proportional to the price per ton and, using the bid prices, the Mulgrew coal cost is 7.2% higher than that of the low bid. Even though the coal bid by Mulgrew is 6% more efficient than that bid by the University Avenue Coal Company, there is presently no evidence to prove that we would save money in fuel costs by buying the Mulgrew coal. I also made calculations using BTU's required per pound of steam and costs per million BTU's and came up with the same answer. The saving in fuel costs by accepting the low bid will probably vary from \$2200 to \$3500, depending on the amount of coal required.

"The economical position of Iowa coal relative to the two other coals discussed and its use in the SUI power plant remains unchanged.

"Reference to the following table may clarify the comparison of fuel costs, among the three lowest bids:

	Cost per ton - incl. freight	BTU per pound	Cents per Million BTU's	Lbs. of Steam per lb. of coal (1)	Cents per 1000 lbs. Steam (1)
University Ave. Coal Co. (Hopkins County, Kentucky coal)	\$ 7.36	12,200	30.164	9.000	40.89
Peabody Coal Company (Marion County, Iowa coal)	5.98	9,900	30.202	7.200	41.53
Thos. J. Mulgrew Co. (Saline County, Illinois coal)	7.89	12,846	30.710	9.544	41.33

(1) Based on actual experience with the same or similar coal.

"From the right-hand column in the above table, it is apparent that the University Avenue Coal Company bid is, in fact, the most economical on the basis of fuel cost per 1000 lbs. of steam."

Copies of the letter were distributed to representatives of coal companies who were present.

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Joe Congleton, of the Sterling Midland Coal Company, the supplier of coal bid by Thomas J. Mulgrew Company; James P. Mulgrew, of the Thomas J. Mulgrew Company, Dubuque, Iowa; and Verne Smith, of the University Avenue Coal Company, Des Moines, Iowa, discussed the quality of the coal bid by their firms and the factors involved in fuel costs.

COAL CONTRACT FOR 1961-1962 - LETTER FROM WILKINSON COAL COMPANY. Secretary Dancer submitted a letter dated September 26, 1961, written to the State Board of Regents by Cecil Wilkinson, President of the Wilkinson Coal Company, Knoxville, Iowa, a part of which is as follows:

"A new item in the Register September 15 stated the Board had rejected the low bid in favor of Illinois coal. It is now my understanding they have rejected this decision in favor of Western Kentucky and the award will be officially made on September 27. Before the Board makes the final award we respectfully request a test on Iowa coal at the State University of Iowa. We will have present at that time a combustion engineer who will definitely prove Iowa coal can or cannot be burned in the heating equipment at this institution. At the same time Mr. Nollsch will have the opportunity to prove Iowa coal is 32% less efficient than Illinois coal and it can then definitely be determined which is the cheaper coal for the State University of Iowa to burn."

COAL FOR 1961-1962 - ACTION AWARDED CONTRACT RESCINDED. Mr. Crabbe moved that the action taken by the State Board of Regents on September 14, 1961, awarding a contract for 40,000 tons of coal for the State University of Iowa for the year 1961-1962 to the Thomas J. Mulgrew Company, Dubuque, Iowa, be rescinded. The motion was seconded by Mr. Oberhausen and passed.

COAL FOR 1961-1962 - AWARD OF CONTRACT. Mr. Crabbe moved that the contract for 40,000 tons of coal for the State University of Iowa for the year 1961-1962 be awarded to the University Avenue Coal Company, Des Moines, Iowa, on the basis of that firm's bid of \$7.36 a ton, f.o.b. Power Plant Siding, Iowa City, Iowa, for coal produced by the Coiltown Mining Company,

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Madisonville, Kentucky, from the Klondike mine, Hopkins County, Kentucky;
and that the Secretary of the State Board of Regents be authorized to sign
the contract when a satisfactory bond has been filed. The motion was seconded
by Mrs. Evans and passed.

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IOWA STATE UNIVERSITY

President Hagemann stated that the Iowa State University had an item that should be considered at this meeting if there were no objections. There were no objections.

The following business relating to the Iowa State University was transacted:

BEEF CATTLE FARM - SHEDS AND LOTS - BEEF FEEDING SHED. Vice President Platt reported that at 1 p.m., September 22, 1961, a public hearing regarding the Beef Feeding Shed to be constructed on the Beef Cattle Farm was held in Room 104 Beardshear Hall, Iowa State University, Ames, Iowa, with Vice President Platt and Superintendent Schaefer, of the Iowa State University, present; that no objections were filed and no objectors appeared; and that at 2 p.m., in Room 114 of Beardshear Hall, the following bids for the project were received and opened in the presence of Vice President Platt and Superintendent Schaefer:

<u>Bidder</u>	<u>Bid Security</u>	<u>Base Bid</u>	<u>Alternate*</u>
Boone Construction Company Boone, Iowa	\$1,000.00	\$18,668.00	-\$2,691.00
Carlson-Rockey, Inc., Des Moines, Iowa	1,000.00	19,524.00	- 2,224.00
James Thompson & Sons, Ames, Iowa	1,200.00	23,432.00	- 700.00
J. E. Whitfield Construction Company Ames, Iowa	1,100.00	21,197.00	- 747.00

* Alternate: deduction for omission of Feed Room.

Mr. Noehren moved that the contract for the construction of the Beef Feeding Shed on the Beef Cattle Farm be awarded to the low bidder, the

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Boone Construction Company, Boone, Iowa, on the basis of that firm's low base bid of \$18,668.00; that the Secretary of the State Board of Regents be authorized to sign the contract when a satisfactory bond has been filed; and that the following project budget be adopted: (See page 555, Board minutes of June 22-23, 1961.)

Funds available

Grant provided by the Iowa State University Research Foundation \$23,000

Estimated expenditures

General construction contract, Boone Construction Company	\$18,668	
Mechanical construction by Physical Plant Department		
Plumbing	\$2,350	
Wiring	<u>1,650</u>	4,000
Contingencies and miscellaneous		<u>517</u>
		\$23,185
Less estimated tax refunds		<u>185</u>
Net estimated expenditures		\$23,000

ADJOURNMENT. President Hagemann adjourned the meeting at 12:45 p.m.,

September 27, 1961.

David A. Dancer
David A. Dancer, Secretary