



Special Board of Regents Meeting

December 13, 2017

Midwestern State University Campus

Hardin Administration Building,

J. S. Bridwell Board Room

3410 Taft Boulevard

Wichita Falls, TX, 76308

Midwestern State University
Board of Regents Meeting
December 13, 2017
2:30 p.m.

Meeting Location: MSU Campus – 3410 Taft Boulevard
Hardin Administration Building - J. S. Bridwell Board Room

The Board of Regents of Midwestern State University (MSU) may deliberate and take action regarding any item on this agenda. This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed below. The Board reserves the right to discuss any properly posted items in Executive Session whenever legally justified in accordance with the Texas Government Code Chapter 551. The meeting will be streamed live at <http://www.mwsu.edu/welcome/president/regents-minutes>.

Call to Order – Chairman Sam Sanchez
Introduction of Visitors – Ms. Julie Gaynor
Opening Comments – Chairman Sanchez
Public Comment

A public comment period will be provided in accordance with MSU Policy 2.22.

Gunn College of Health Sciences and Human Services (HSHS) Building Project – Construction Budget and Contract Approval

18-43. A summary of the project history, financing details, and budget overview, as well as revised drawings are shown as Attachment 1. Based on the information provided, the administration will recommend approval of increasing the project budget to \$42.811 million (\$42 million from the HSHS budget plus \$811,000 for the server room from the Information Technology Relocation Project budget) and will request authorization to negotiate and award a Guaranteed Maximum Price contract with Trinity Hughes/Sundt of \$34.301 million to construct the Gunn College of Health Sciences and Human Services building and data center.

Executive Session

18-44. The Board may convene in Executive Session as necessary to consider matters permissible under Chapter 551 of the Texas Government Code, including:

- A. Government Code, Chapter 551, Section .071 – Consultation with Attorneys Regarding Legal Matters, Pending and/or Contemplated Litigation, or Settlement Offers.
- B. Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease, or Value of Real Property.
- C. Government Code, Chapter 551, Section .073 - Deliberations Regarding a Negotiated Contract for a Prospective Gift or Donation.
- D. Government Code, Chapter 551, Section .074 – Personnel Matters Relating to the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees, or to Hear a Complaint or Charge Against an Officer or Employee

Closing Comments
Adjournment

Review of Gunn College of Health Sciences and Human Services Building Project

The new Gunn College of Health Sciences and Human Services building was Midwestern State University's top priority Tuition Revenue Bond (TRB) request during the 84th legislative session. In addition to the building, the TRB request included funds for ADA/Fire Marshal updates in several campus buildings, a library renovation, relocation of Information Technology (IT), and repurposing of the Bridwell building that would be vacated by the Gunn College.

The university completed master planning efforts to analyze the university's greatest needs in order to have a successful TRB request to the legislature in August 2014. The university justified a total of \$73 million in its TRB appropriation request, with \$61 million requested for a new HSHS building at 126,250 square feet. This amount of space was determined through the master planning process to accommodate significant HSHS growth and to match Texas peers for these types of programs.

In May 2015, the legislature approved \$58.4 million in TRB funding for the university, with the first date of issuance possible in the fall of 2016. Bond payment appropriations did not begin until September 1, 2016. The university issued the Tuition Revenue Bonds in October 2016. The university hired HMB Architects in November 2015 to review the original master planning programming of \$73 million and recommend a revised scope for the projects within the \$58.4 million approved by the legislature. Their work was completed in April 2016 and they recommended adjusting totals to the following amounts for the projects:

HSHS building	\$40.0 million
Library renovation	\$ 7.5 million
ADA/Fire Marshall	\$ 5.6 million
IT Move	\$ 1.6 million
Bridwell Repurpose	<u>\$ 3.7 million</u>
Total	\$58.4 million

In February 2016 the Board of Regents approved Randall Scott and Associates (RSA) as the architect for the project. The Board of Regents approved the HSHS project budget in May 2016 in the amount of \$38 million with \$2 million being held in reserve in case of higher than anticipated construction costs as was experienced with the Legacy Hall building project. The Board also approved Trinity Hughes/Sundt (THS) as the Construction Manager at Risk (CMAR). RSA began meeting with the stakeholders in May 2016 to review programmatic needs and budget constraints. From this assessment, it was determined a building of approximately 83,000 square feet would meet the needs of the College within the budget constraint total of \$38 million. RSA presented a design for the building to the Board in November 2016 and received a favorable review. The original budget for the project was broken into these categories:

Construction	\$29.25 million
Equipment	\$ 4.10 million
Furniture	\$.70 million
Architect Fees	\$ 2.50 million
Other services	<u>\$ 1.45 million</u>
Total	\$38.00 million

Based on the programming and preliminary design approval of the Board, RSA began to finalize building specifications with more refined estimates of cost. During this period, THS reviewed the plans and also developed estimates of cost. MSU also hired Broaddus and Associates to assist with the project management and to provide a third cost estimate. All three construction estimates came in at \$29.25 million, which met the overall \$38 million budget goal. Because the estimates showed that the design was within budget, RSA developed drawings that were 100% complete to send out to bid. The more detailed the drawings, the more accurate contractors can be when they submit their best pricing. Without complete drawings, contractors are more likely to build in a “fudge factor” to cover surprises that might turn up in the final drawings. Subcontractors had one month to review the plans and submit their best pricing.

RSA divided the project into two “packages.” This was done to ensure that the project was started in a timely fashion to meet an aggressive schedule and align with Board of Regents meetings for the most expeditious approval. Bid Package One was for site work (e.g. piers, foundation and utility infrastructure), came in at budget, and was approved by the Board at the August 2017 meeting, with construction planned to begin around the middle of October. Bid Package Two was for the building itself, was completed September 6, and bids were opened October 12. After bids were accepted by MSU on Bid Package Two, the total on both bid packages was \$36.73 million, \$7.48 million, or 26%, over budget. With the overage on Bid Package Two, a slowdown was ordered on the site work in case changes had to be made in those areas.

At the November 2017 Board of Regent’s meeting, the administration informed the Board that the HSHS building project bids came in higher than expected and recommended the project budget be raised to \$41 million. The Board requested more information on the modifications that would be necessary to ensure the building came in at the increased budget amount. It was agreed that a special Board meeting would be scheduled in December to review the budget as well as modifications that would be necessary to the project. Following the November meeting the administration worked with RSA and THS to adjust the project to something that would provide some of the design elements that were important to the Board and would meet the instructional needs of the academic areas in the building. An overriding goal was to maintain the square footage originally identified as necessary for the delivery of academic programs.

THS worked with the subcontractors on ideas that could reduce the cost of the project. From this process, \$3.64 million was identified as changes that could be made and would not dramatically impact the functionality, square footage, or appearance of the building.

The amended cost of the construction portion of the project currently stands at \$33.49 million or \$4.24 million over the original \$29.25 million construction budget. With a more expensive building, other expenses related to the construction have increased by approximately \$700,000. To cover the increase, management proposes several financial adjustments to the original plan:

1. Expend/release the \$2 million held in reserve;
2. Reduce the project’s equipment budget by \$1 million; and
3. Reduce other TRB budgets by the remaining amount needed (approximately \$2 million).

This results in the following revised budget:

Construction	\$33.55 million
Equipment	\$ 3.10 million
Furniture	\$.65 million

Architect Fees	\$ 2.89 million
Other services	<u>\$ 1.81 million</u>
Total	\$42.00 million

In order to realize the \$3.64 million in construction savings, 34 items were changed to lower cost construction methods. Items which had the largest decrease compared to the original bids include the following:

Replace west side terra cotta with stucco (EIFS)	\$694,000
Add 4 th floor at atrium, delete smoke exhaust	\$663,000
Reduced scope of east exterior wall	\$400,000
Sheetrock stairwell's steel instead of fireproof paint	\$310,000
Significant reduction in size of mechanical penthouse	\$300,000
Change glass elevator to standard	\$199,000

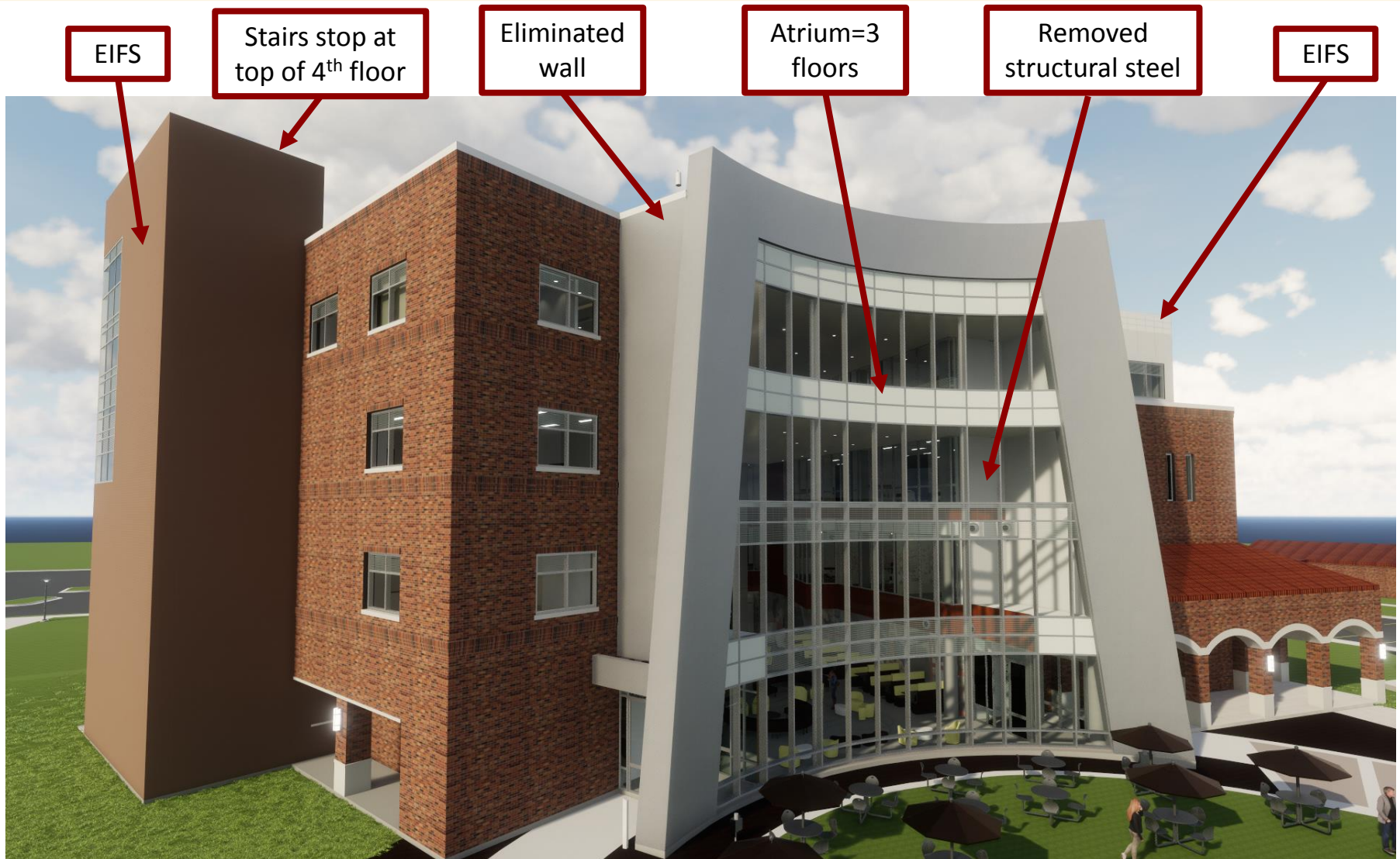
As part of this construction project, MSU will contract with an audit firm to audit the bills from THS, RSA, and any other contractor to ensure accurate billing. MSU will issue an RFQ in the next month to solicit an audit firm to perform this work throughout the building project. The cost of this contract will be in the \$50,000 range, but similar projects have saved universities multiples of this fee in identifying billing errors. Ms. Kidwell, Director of Internal Audits, will work with Facilities Services to hire the audit firm and coordinate their work.

Included in the HSHS project, is a new, more secure server room/data center for IT. Funding for the specialty construction items for this room totals \$811,000 and will come from the IT Relocation TRB project budget. THS has provided a guaranteed maximum price (GMP) for the new HSHS building of \$34.3 million, including the server room expense (\$33.49 million plus \$811,000).

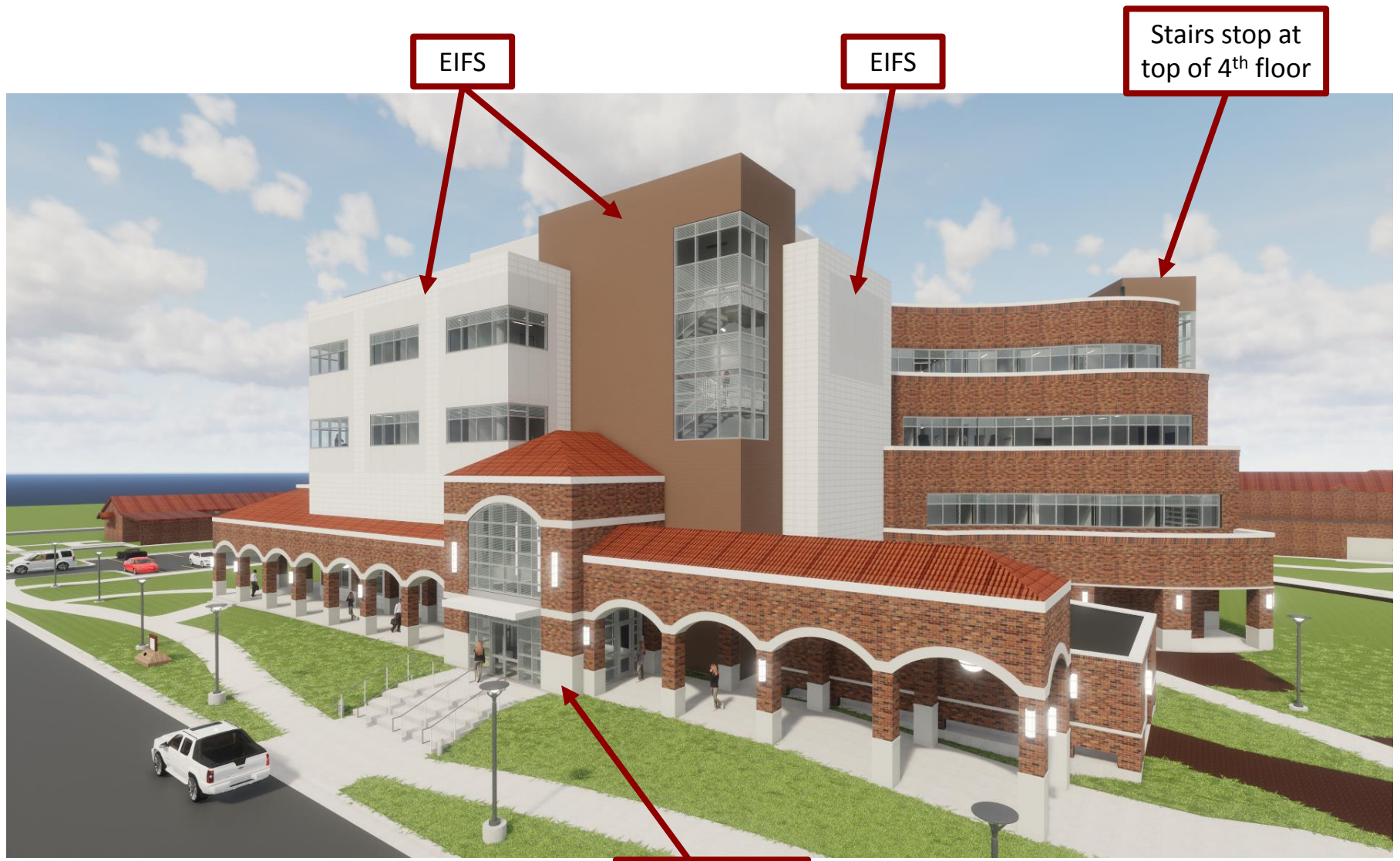
Gunn College of Health Sciences & Human Services Building Project Update

December 13, 2017

HS+HS: Renderings of Design Adjustments, Southeast

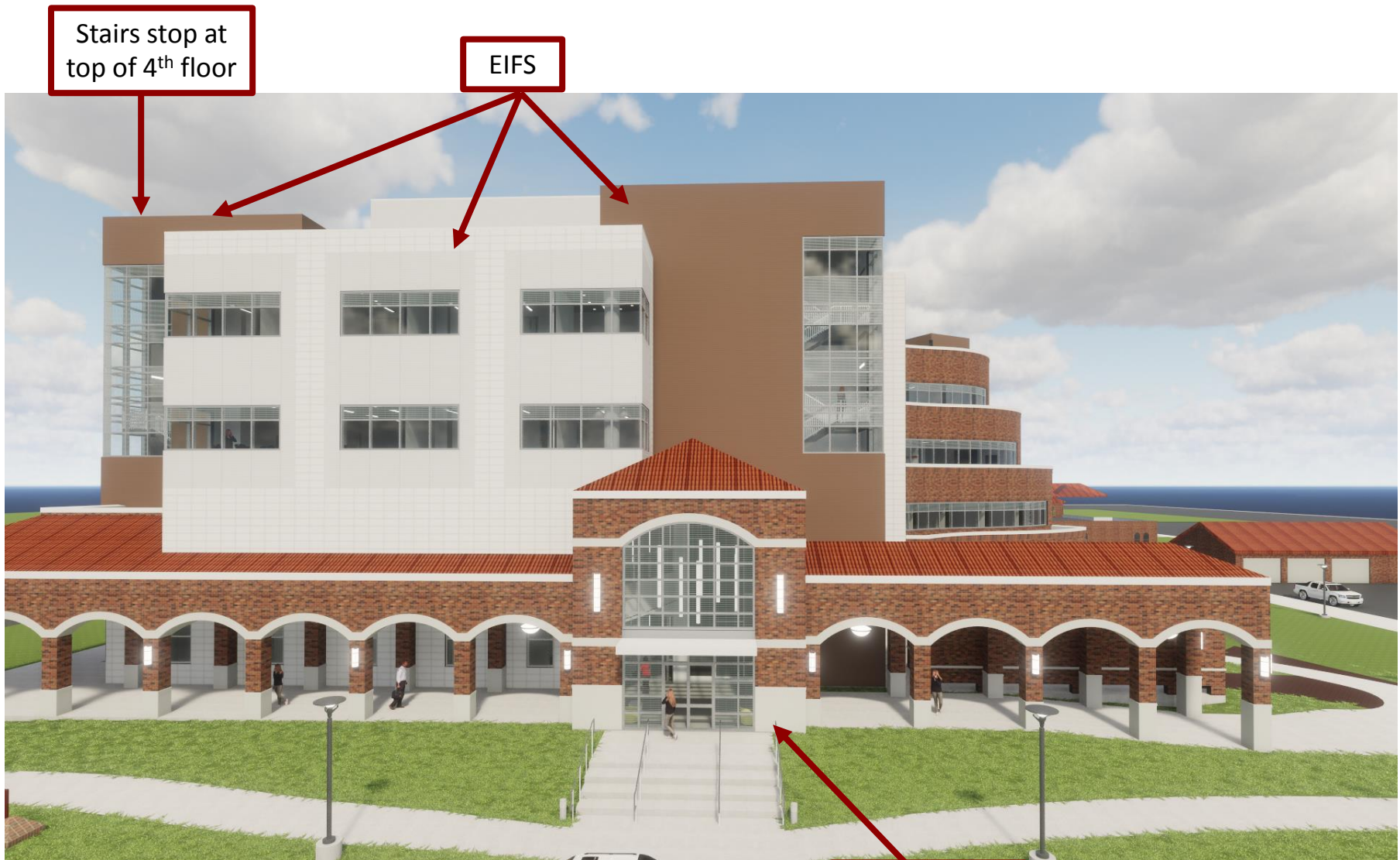


HS+HS: Renderings of Design Adjustments, Southwest



Entrance modification

HS+HS: Renderings of Design Adjustments, West Face



Stairs stop at top of 4th floor

EIFS

Entrance modification

HS+HS: Renderings of Design Adjustments, Northwest

Stairs stop at top of 4th floor

EIFS



Entrance modification

HS+HS: Renderings of Design Adjustments, Interior

Atrium=3 floors

Glass elevator removed



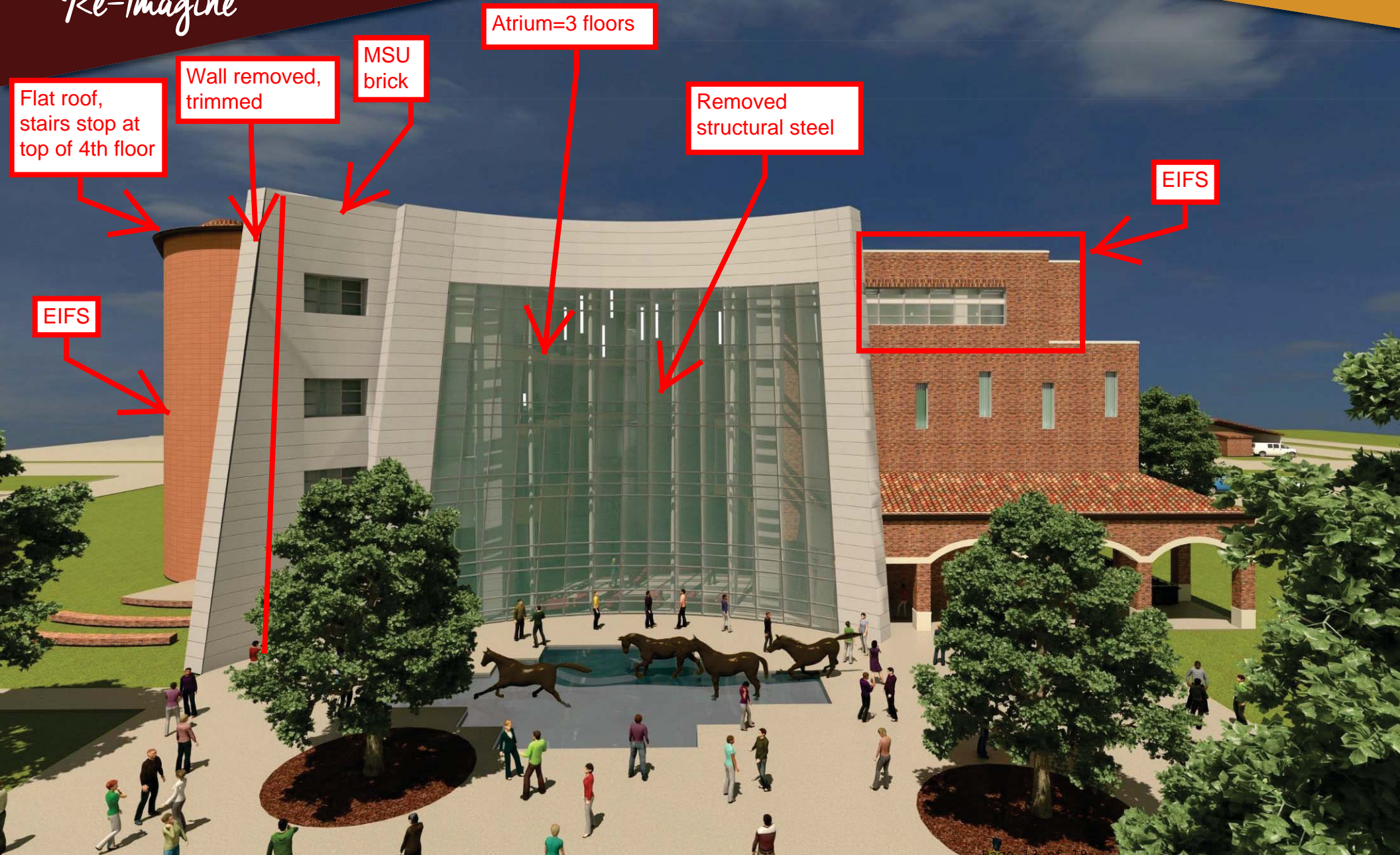
HS+HS: Renderings of Design Adjustments, Interior

Removed
structural steel

Atrium=3
floors

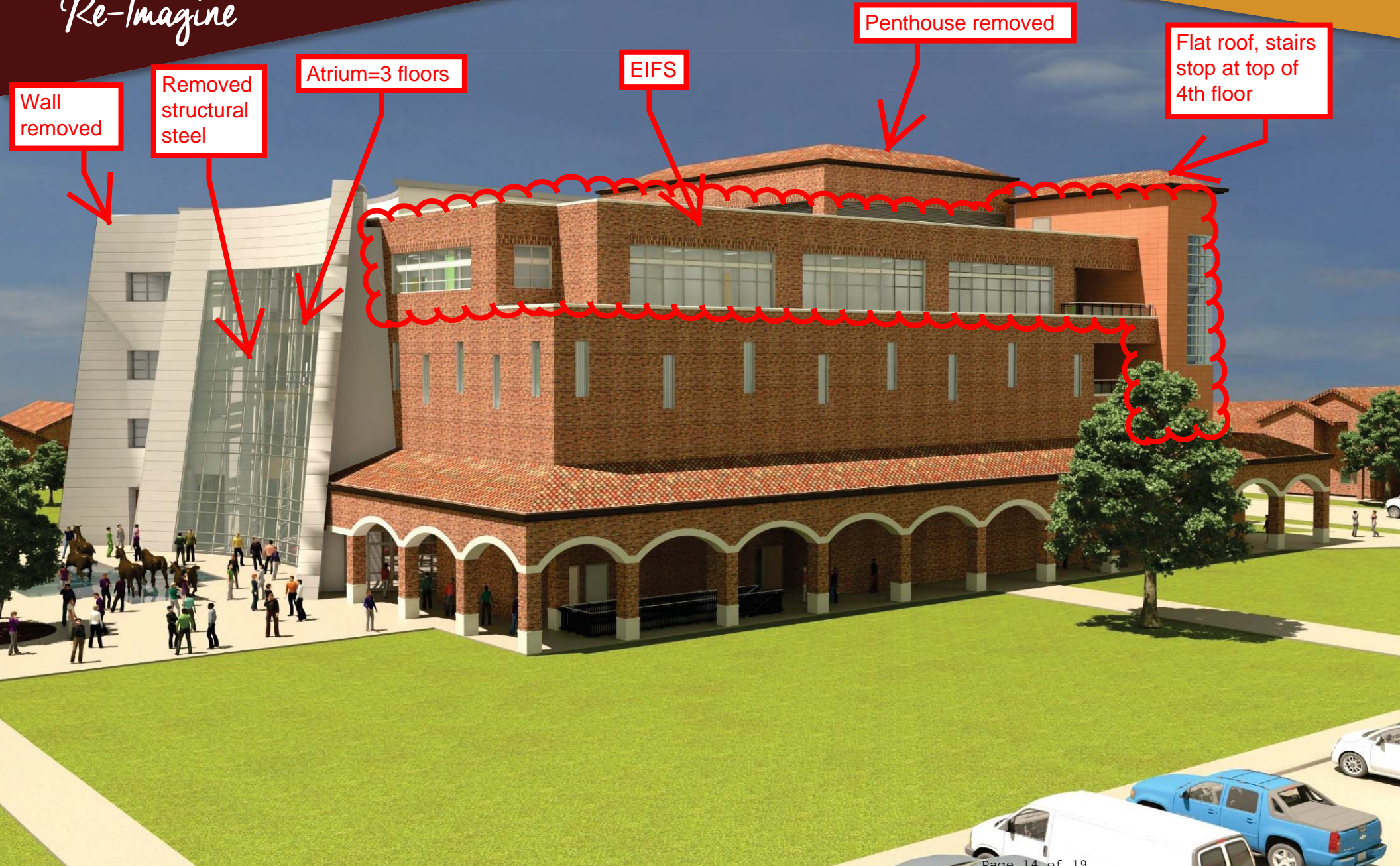


Re-Imagine



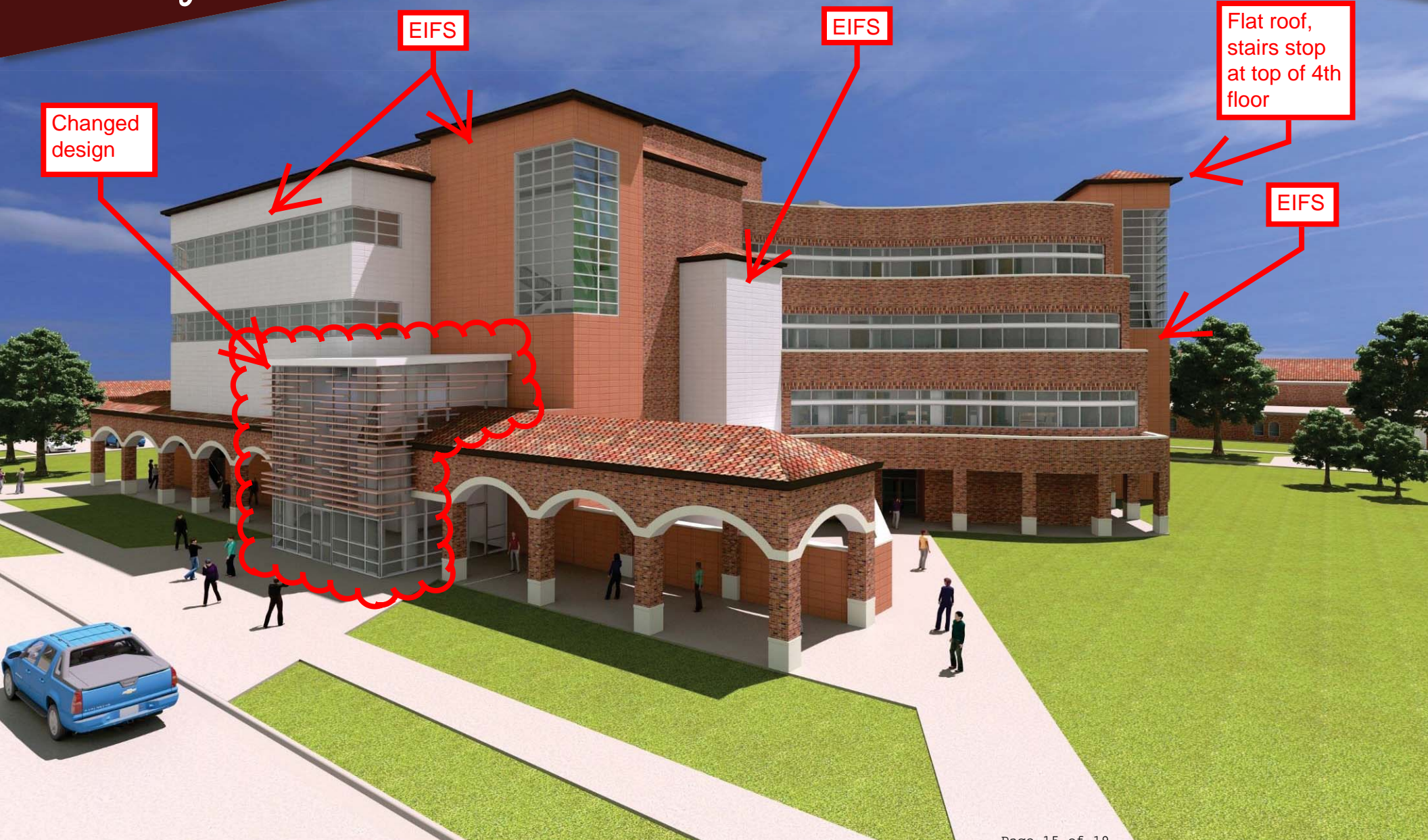
Re-Imagine

View from
Northeast



Re-Imagine

View from
Southwest



Removed
structural steel



- Nov, 2017: THS developed savings options totaling \$3.64 MM. Largest savings:
 - Replace terra cotta with stucco/EIFS, west side of building \$694k
 - Atrium 3 stories, delete most smoke exhaust \$663k
 - Reduce scope of east glass wall \$400k
 - Sheetrock stairwell steel instead of fireproof paint \$310k
 - Penthouse size reduction \$300k
 - Change glass elevators to standard \$199k

	<u>Revised Budget</u> (Dec, 2017)	<u>Original Budget</u> (Nov, 2016)
Construction	\$33.55 MM	\$29.25 MM
Equipment	\$3.10 MM	\$4.10 MM
Furniture	\$0.65 MM	\$0.70 MM
Architect Fees	\$2.89 MM	\$2.50 MM
Other Services	<u>\$1.81 MM</u>	<u>\$1.45 MM</u>
TOTAL	\$42.00 MM	\$38.00 MM

Fund via:

- \$2 MM reserves
- \$1 MM dec in project equip
- \$1.96 MM other TRB projects

The administration recommends the following:

1. Approval of project budget of \$42,811,000 (\$42,000,000 from HS+HS, \$811,000 from IT Relocation).
2. Authorization to contract with THS for a GMP of \$34,301,000 for HS+HS and the data center.