

REPORT OF MINUTES

BOARD OF TRUSTEES SPECIAL MEETING

**BAY de NOC COMMUNITY COLLEGE
Catherine Bonifas Board Room (201D)
Escanaba, MI**

December 6, 2018

Chair, Joy Hopkins, called the meeting to order at 11:30 a.m. ET.

Members Present: Philip Strom, Terri Mileski, Eric Lundin, Steve Davis,
Bill Lake, Joy Hopkins

Member Absent: Tom Butch

Administration: Travis Blume, Laura Coleman, Matt Johnson,
Mike Pankow, Eileen Sparpana, Chris Williams

Guest: Jordan Beck, *Daily Press*

Recorder: Laura Johnson, Assistant Board Secretary

Conflict of Interest Declaration: None

Joy Hopkins turned the meeting over to President Coleman and Chris Williams, VP of Operations, for an update on the expansion and renovation project for Bay College Athletics.

Dr. Coleman stated that going into the project it was difficult to determine an overall budget because the design build process was selected for the project. The design build process moves quickly to accelerate construction and things are constantly changing. It was also expected that tariffs had the potential to negatively affect the project.

Chris Williams reviewed the major factors of the project that have increased, resulting in a budget overrun of \$195,785. The original budget was estimated as \$1,290,750.

- Site work has been affected by weather
- Change from a metal building to ICF (insulated concrete forms) resulted in increased expense because additional concrete was required despite savings for pre-engineered building. Energy savings are expected over time with the change to ICF.
- Lack of expected competition for original bids during winter construction season. Only one bid was received on many of the sections of the first RFP. We believe competition is present for the electrical, mechanical, and plumbing bids that will be coming in.

- Structural steel and information technology networking equipment prices have gone up (likely due to tariffs)
 - Structural steel is needed for the steel frame that sits on top of the concrete walls and a reinforced area for the future air conditioning unit to cool the gym.
 - Costs specific to networking increased almost 70%
- Depth analysis of the existing sewer system will be required because no depth is associated on existing plans.

Chris reviewed revisions determined with Athletics to decrease the overrun. The project team is confident in the electrical, mechanical, and plumbing numbers going forward.

Dr. Coleman requested the Board approve funds from the College's reserves. The withdrawal would reduce the CFI ratio from 2.01 to 1.87 and Days Cash on Hand from 106 to 96 days. The ratios would remain within the Higher Learning Commission's requirements.

Joy Hopkins stated that the Board knew steel tariffs and other increases would affect the construction budget when the project was approved but how much was unknown.

Eric Lundin added that the contingency figure of \$30,000 (2.6% of the project) was low. Despite the uncontrollable factors (i.e., weather, tariffs), the College will have a beautiful building paid for mainly by the Hannahville Indian Community.

Phil Strom commented that Administration has made the necessary decisions to decrease the overrun and based on his experience with construction projects, the Board ought not to be surprised that at the end of the project there may be a similar situation. He suggested the Board do what needs to be done to keep the project moving. Terri Mileski agreed.

Chris added there is still some contingency built into the project so Administration should not have to request additional funding from the Board.

Dr. Coleman shared that while in Lansing, she heard of four capital outlay projects in progress requesting additional funding because of the increase in construction costs.

Trustees discussed the uniqueness of the project compared to standard construction projects and that remodel projects often create unknown problems. The new structure will serve the College well during its lifetime. The project is for the College, not just Athletics.

Eric Lundin suggested restoring items removed from the budget if there are savings from the upcoming bids. Chris responded depending on the timing, some items may be able to be restored.

It was motioned by Eric Lundin and seconded by Bill Lake to:

“Approve the budget modifications made as presented, to the previously approved contract amount for the expansion and renovation project for Bay College Athletics.”

Roll Call:

Ayes: Terri Mileski, Eric Lundin, Steve Davis, Bill Lake, Phil Strom, Joy Hopkins
Nays: None
Abstentions: None

No further discussion. Motion carried unanimously.

Adjournment:

It was motioned by Phil Strom and seconded by Terri Mileski to:

“Adjourn the meeting.” The meeting adjourned at 12 p.m. ET. No discussion. Motion carried unanimously.

Laura L. Johnson
Assistant Board Secretary

Completion Date

Approval Date

Joy E. Hopkins
Board Chair

Approval Date