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Governors State University Board of Trustees Facilities Committee Meeting Minutes - June 5, 2009

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**GOVERNORS STATE UNIVERSITY
BOARD OF TRUSTEES
FACILITIES COMMITTEE**

Minutes of the Friday, June 5, 2009 Meeting

Bruce Friefeld, Chair

CALL TO ORDER AND ROLL CALL

The Facilities Committee of the Board of Trustees met on Friday, June 5, 2009 in the William D. McGee Hall of Honors. The meeting was called to order by Chair Friefeld at 11:46 a.m. Trustees Jack Beaupre, Lois Mayer, Lorine Samuels, and Elizabeth Green were in attendance. Trustee Kristi DeLaurentiis was absent.

Others present: Elaine Maimon, President; Gebe Ejigu, Executive Vice President and Chief of Staff; David Curtis, Professor on Special Assignment to the President; Alexis Kennedy, General Counsel; Joan Vaughan, Vice President of Institutional Advancement; Paul Blobaum, Faculty Senate President; Kathleen Miller, Civil Service Senate President; Jeffrey Slovak, Deputy Vice President for Administration and Finance; Karen Kissel, Associate Vice President for Financial Services and Comptroller; Susan Rakstang, Associate Vice president for Facilities Development and Management; Tim Kosiek, Project Manager; and David Dixon, Internal Auditor.

ACTION ITEMS

Approval of Minutes

Friefeld entertained a motion to accept the Minutes of the Facilities Committee meeting of March 30, 2009. Beaupre made a motion. Green seconded. The motion was approved by unanimous voice vote.

INFORMATION ITEMS AND FORMAL REPORTS

Status Report on Deferred Maintenance Initiative Projects

Two spreadsheets were distributed. Ejigu presented, pointing out that the prudent use of funds for these projects, which generally did not require the use of contingency funds, resulted in a surplus of funds. No questions were asked.

Status Report on Walkway and Roadway Improvements

An Executive Summary of Resolution 09-24: *Walkway and Roadway Improvements*, was included in the Board packet. Ejigu presented, referring to Resolution 09-24 and the “not to exceed” budget of \$1.8M. He was pleased to report that a contract for the project was signed for less than \$1.5M. Construction has begun, and will be completed in three phases in order to minimize inconvenience. When the students return in September the front of the campus will look significantly different, with numerous quality improvements. No questions were asked,

however Friefeld commented that he agreed the campus will look remarkably different and better when this project is completed.

Status Report on Energy Performance Contract

An Executive Summary, a two-page spreadsheet, and *Resolution 09-47: Approval of a Guaranteed Energy Savings Contract* was distributed. Ejigu presented, recalling that approximately a year ago, primarily at the instigation of the Board, the Administration initiated a performance contracting process which essentially explored what energy saving projects could be undertaken that were self financing, and where the service being generated would help conserve energy. A professional firm was contracted to perform an energy audit, which has been completed and is very favorable. Ejigu explained that several members of GSU's staff are currently in the process of evaluating what has been proposed, and the proposal is being subjected to a second opinion as well. Very active consideration is being undertaken for each aspect of the proposal. However, the manner in which to present the contract before the Board for approval has not been determined. The Administration may, with Chair Samuels concurrence, bring in the actual recommendations for a contract to the Full Board meeting next week if the report from the consultant has been received and if an agreement with the contractor has been achieved. If those materials are not available next week, the Administration may seek the Board's approval to act on it either by an Executive Committee meeting or at a special meeting of the Board due to the fact that the proposal is only valid for 45 days upon submission, and so the projects can be undertaken as soon as possible. Ejigu asked Susan Rakstang to give the Board an overview of what has been proposed.

Rakstang explained that the first performance contract in 1998 was very successful, with electric consumption dropping by 25% almost immediately. However the proposed contract is much more complicated. An energy audit had to be completed in order to determine what energy conservation measures existed. After doing so ESG (Energy Systems Group) prepared a document that listed viable energy conservation measures (ECM's) along with associated construction costs, guaranteed utility savings, operational savings, and financing options. 21 ECM's were identified, with nine alternate options, falling into six categories. A DCEO grant allowed the services of Consultant Dave Birr to assist in the evaluation of these ECM's. Currently three different options are being seriously considered 1) Basic miscellaneous ECM's that maximize payback period and energy savings with a construction cost of \$2.4M and annual energy savings of \$370k; 2) Option 2 addresses the basic ECM's of option 1, as well as the replacement of the 35 year old steam boiler with a new modulating hot water boiler system. The construction cost for option 2 is \$4.3M, and with a 15-year note, positive cash flow occurs in year 10 with continued energy savings of \$515K annually for five years; 3) Option 3 builds upon option 2 by addressing the basic ECM's, steam boiler replacement as well as the addition of air handling unit rehabilitation (AHU replacement). The construction cost is about \$9M, of which approximately \$4M is allocated for air handling retrofit, and will be financed by the proceeds of the recent sale of Certificates of Participation (COPs). A 12-year note of \$5M will have a positive cash flow in year 4 with continued operational/energy savings of \$740K annually. Rakstang pointed out that ESG prepared at least a dozen options. Each time wind turbines were included they prohibited a reasonable payback period, even when grants were rolled into the calculations. As a result, and regrettably, wind turbines are not included in any of the options

being considered. GSU has contracted with Stanley Consulting to review these options and render a second opinion on both the proposed design approaches and their viability. In a preliminary review Stanley indicated that these options are viable and appropriate. A final report is expected next week.

Ejigu pointed out that this entire initiative started with Trustee Mayer's recommendations to pursue energy saving projects. Beaupre questioned why wind turbines are so expensive. Rakstang explained that one wind turbine costs approximately \$385K, and only pays back approximately \$6K per year. Friefeld asked if wind turbines would be feasible if federal grant money was available. Rakstang stated that \$86K of DCEO grants was included in their calculations. Ejigu stated that in the Administration's judgment wind turbines are not prudent to pursue at this time. Friefeld agreed. Ejigu explained that if everything works out, a recommendation and resolution will be brought before the Board next week. Samuels stated that when this project does move forward the Board would like a summation of the recommendations and probable savings. On behalf of the Board Friefeld thanked Rakstang and others involved in the project for their hard work on this initiative.

ACTION ITEMS

Resolution 09-39: Award of Contract for Renovation of Existing Space for Nursing Labs

Ejigu presented, recalling that this project was specifically requested for inclusion in the last round of COPs. The project was fast tracked in response to the need for nursing labs, with space being quickly identified and design plans completed, and the plans have gone through public procurement for construction bids. Eleven bids were received, and the lowest bidder, RDS Construction Company of Tinley Park, IL, is being recommended for award of a construction contract. No questions were asked. Friefeld entertained a motion to include Resolution 09-39 on the Consent Agenda. Green made a motion. Beaupre seconded. The motion was approved by unanimous voice vote.

Resolution 09-40: Contract for Energy Management Services

Ejigu explained that the University contracts out for software and service controls for FDM to control the HVAC systems. There are few contractors in the field and the work to be done deals with proprietary software, so only one firm, Siemens, responded to the bid. The Administration is asking for approval of a three-year contract. Friefeld asked if Siemens will merely continue to do what they have been doing, to which Ejigu replied, "Yes." There were no further questions. Friefeld entertained a motion to include Resolution 09-40 on the Consent Agenda. Samuels made a motion. Beaupre seconded. The motion was approved by unanimous voice vote.

Resolution 09-41: Master Contract for Architectural Services

Ejigu explained that it is very good practice for institutions such as GSU to retain the services of professional architectural and engineering firms rather than waiting to find a firm when a project arises. The Administration proposes entering into a three-year contract to provide architectural services on the basis of fees that have been negotiated. He pointed out these services are for small projects, not major projects, which is why the contract is limited to \$100k per year. This affords flexibility in using pre-qualified professional firms. Samuels commented it was good to see so many firms bidding. There were no further questions or comments. Friefeld entertained a

motion to include Resolution 09-41 on the Consent Agenda. Beaupre made a motion. Samuels seconded. The motion was approved by unanimous voice vote.

Resolution 09-42: Master Contract for Engineering Services

Ejigu stated this contract was similar to the previous one for architectural services. There was no discussion. Friefeld entertained a motion to include Resolution 09-42 on the Consent Agenda. Samuels made a motion. Green seconded. The motion passed by unanimous voice vote.

Resolution 09-43: Approval to Provide Permanent and Temporary Easement to Village of University Park for the Reconstruction of University Parkway

Ejigu presented, citing that this issue has been under discussion with the leadership of University Park for several years now. A short time ago the Village asked to meet with the Administration urgently because they had received federal funds for the expansion and improvement of University Parkway, from Cicero to Crawford. Expansion was defined as some expansion of a two lane road, with the addition of turn lanes at the entrance to campus as well as traffic signals at three intersections; Cicero, Governors Highway, and GSU's main entrance. Their proposal also includes the addition of walkway and bicycle paths on the south side of the road from the Metra station to Crawford. Ejigu stated that all these improvements are badly needed; pointing out that anyone traveling to campus knows how frustrating it is, even when there is no train, to travel this roadway. Therefore these are important and useful improvements.

General Counsel Kennedy has been working on a number of issues with regard to the agreement. She stated the Village is asking for 1) a donation of land to expand the right of way for the road itself; 2) permanent easement for a good portion of that land for lighting, walkways, etc. and 3) temporary easement for construction purposes. The land was last appraised in 2004. If the University gave the land (title) and allowed for the improvements it would be a no-cash transaction. However, we have yet to receive the form of the easement, which is basically why the resolution is not ready for action, and there are still things that need to be worked out as far as incidental costs. In the agreement the Village also agreed to demolish Wagner House and reduce it to grade level, and reconstruct the railroad crossing. Beaupre questioned by what authority can GSU give them land in light of us being a State of Illinois institution? Kennedy replied that is part of the problem. She has outside counsel looking at the mechanism as the Village itself is another unit of government. The Board has the right to manage and control its land, but there is also the State of Illinois to deal with. The mechanism by which the land would be transferred and the University would achieve true benefit needs to be determined.

Samuels asked for clarification on the scope of the temporary easement being requested. Kennedy replied it is a strip of frontage land along University Parkway encompassing approximately seven acres. Samuels asked if there was any value to this land. Kennedy stated that during the last appraisal in 2004 the total value was estimated at \$114,000; \$98,600 for the land and \$16,000 for the two easements. Friefeld questioned the monetary value of Wagner House. Ejigu explained that it has been the Administration's wish to demolish it for some time as it is no longer safe for occupancy. Kennedy stated Wagner House was received by donation, so those documents need to be examined to determine if there are any restrictions on its use. Kennedy stated that in terms of the right of way, should the University own property where a

public road is placed for liability considerations? These are the types of issues that need to be examined further. Friefeld asked what action the Administration is asking of the Board today. Ejigu responded that no action is being requested until these issues are resolved. Samuels questioned the Village's timeline. Ejigu stated that they are very anxious to get moving on it in order to obtain permits, licenses, etc., and hope to have the projected completed by next summer. Samuels questioned the cost of demolishing Wagner House, to which Ejigu responded it would be approximately \$30,000. The current feeling is that if they are willing to undertake the demolition it is worth granting permission. However there are other issues to consider including the potential relocation of the electronic sign. The discussion ended with the consensus that these legal issues need to be resolved prior to embarking on an agreement with the Village.

Resolution 09-43 was therefore tabled.

Point of Clarification

Mayer requested a copy of the section of the energy performance contract that relates to the wind turbines. Ejigu and Rakstang agreed to provide that to her.

PREVIEW OF FUTURE AGENDA ITEMS

Ejigu stated that many of the Deferred Maintenance projects are near completion and an update will be provided at subsequent meetings. The Administration may bring action items before the Board in relation to federal grants in support of the E and F wing renovation in the near future.

PUBLIC COMMENT

There were no requests for Public Comment.

Friefeld entertained a motion to adjourn. The motion passed by unanimous voice vote. The Facilities Committee adjourned at 12:27 p.m.

Respectfully submitted,

Joan Johns Maloney