

**Minutes of the Special Joint Meeting of the Board of Regents
Buildings and Grounds and Finance Committees**

**Murray State University
March 8, 2018**

Call to Order/Roll Call

The Murray State University Board of Regents Buildings and Grounds and Finance Committees met in Special Joint Session on Thursday, March 8, 2018, in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Buildings and Grounds Committee Chair Sharon Green and Finance Committee Chair Daniel Kemp called the meeting to order at 2 p.m. and welcomed those present.

The roll was called and, in addition to Ms. Green and Mr. Kemp, the following Buildings and Grounds Committee and Finance Committee members were present: Katherine Farmer, Jerry Rhoads, Phil Schooley and Tori Wood. Absent: Walter Bumphus. Other members of the Board of Regents present included: Susan Guess, Lisa Rudolph, Don Tharpe and Stephen Williams.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Mark Arant, Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Chief of Staff; John Rall, General Counsel; Kevin Jones, Interim Director of Facilities Management and Associate Director of Facilities Operations; Jason Youngblood, Associate Director of Facilities Design and Construction and members of the faculty, staff, students, news media and visitors.

Agenda

Call to Order

**Buildings and Grounds Committee Chair
Sharon Green/Finance Committee Chair
Dan Kemp**

Roll Call

Secretary Jill Hunt

JH Richmond Hall

**President Bob Davies/Vice President for
Finance and Administrative Services
Jackie Dudley**

this point have been structural in nature to ensure the building has complete integrity and stability. It was necessary to undertake this work to allow for structural engineers to enter and evaluate the building to determine the extent of the damage and this work was undertaken by Lockett & Farley. Confirmation was provided that the firm chose the most conservative (safest) path when making decisions and developing cost projections, erring on the side of the higher arch of cost versus lower. It is possible that once the work is actually undertaken costs may not be as high as originally estimated if less work than anticipated has to be performed.

Different restoration options were presented for the various zones in JH Richmond – Area C where the explosion occurred, Area B which includes the lobby area on all four floors and Area A where there is little visible damage. Renderings were also provided in the eBoard book related to these options. Once a design option has been chosen, drawings completed and firm costs determined, a Project Statement will be presented to the Board for approval. This would include

Additional assumptions include cost inflation from 2008 to 2018 (+/- 23.5 percent) based upon tracking actual construction costs for the Richmond (2008) and Franklin (2016) projects, then extrapolating for 2018. Commentary which specifically reflects work required to selectively demolish and repair/restore the existing building per the parameters of Option 1 (repair/restore/replicate 2008 design) was provided. The work involved with Options 2 and 3 is similar. A description of work for each area was also provided and included sitework/demolition, substructure (concrete foundations, footings and slabs), super structure (structural steel and composite concrete slabs), exterior closures (brick veneer, steel stud framing, insulation, windows and doors), thermal and moisture protection (roof), interior construction, equipment, special construction/furniture, conveying systems, mechanical, plumbing and electrical and information was provided accordingly in the eBoard book.

Selective demolition in Area A would include the removal/demolition of all suspended acoustic ceilings and grid and light fixtures, minor removal of water damaged flooring and gypsum board and removal of gypsum board on one surface of all plumbing walls to allow for piping inspection. Careful review will be undertaken to ensure there is no hidden damage in this area. It was also stated that most of the finishes will be replaced in Area A so individuals will not be able to tell a difference between the three areas. The renovation plan for Area A extends beyond the demolition line in order to be conservative. In response to a question, it was stated that the language of "minor removal of water damaged flooring and gypsum board" may be misleading. It was confirmed that anything which is damaged or suspected to be damaged will be removed and replaced.

Demolition and removal of everything down to metal studs would be undertaken in Area B, including all ceilings and lighting; interior door frames and doors; gypsum board; flooring; plumbing fixtures and piping; electrical wiring and fixtures and mechanical equipment, piping

be done on both sides of the building. As students walk past the facility they will be able to see the activity taking place inside and this represents a community-

than the estimates provided. The insurance company has reimbursed the University for approximately \$500,000 for work which has already been undertaken for selective demolition and remediation and that amount is not included in the estimates presented. Dr. Davies clarified that the additional \$2 million from reserves the Board is being asked to approve would be utilized to undertake selected options but at this time the Regents are not being asked, if the restoration option is selected, to choose between Options 1, 2 and 3. If the Board selects Option 4 – replacement – making any of the suggested enhancements would be added onto the projected \$18 million cost.

Ms. Dudley reported that when these options were reviewed with the insurance company it was that \$12.3 million is the base reimbursement and they would begin negotiating down from there. If Option 4 is chosen, the construction contingency would be immediately reduced, resulting in close to \$10 million from the insurance company, when an \$18 million facility would be constructed. In terms of approvals required from the state, it was indicated that for the restore options there is an emergency bill – Senate Bill 61 (SB 61) – which was just approved by the Senate and contains authorization for Murray State to begin the project and does not require the University to secure approval from the Capital Projects and Bond Oversight Committee. SB 61, sponsored by Senator Chris McDaniel and co-sponsored by Senator Stan Humphries, on the basis of an emergency, authorizes Murray State University to use the proceeds of the insurance and up to \$2 million of its own resources to proceed with this project immediately. Option 4 would require approval from the Capital Projects and Bond Oversight Committee and the Council on Postsecondary Education and would basically be treated as an entirely new project, meaning it could not begin until after the start of the new fiscal year and would not be completed by December 2019. Dr. Davies clarified that if Option 4 is selected, and the additional enhancements to the facility are added, Murray State will need to contribute funding to the project and this will be very challenging to do and still maintain the University's fund balance. There is already a \$32 million infrastructure project (electrical grid) on the horizon and the institution most likely will have to contribute one-half of that cost which will require bond activity. There is already a 20-year note on JH Richmond and the University would have to continue to make that payment for another ten years (slightly over \$900,000 per year) and any other bond notes would be on top of that amount. The Commonwealth's fiscal situation must also be taken into consideration in making this decision. It likely would not be perceived well legislatively if the University decides not to renovate the facility, with possible enhancements.

Confirmation was provided that work is underway to document that bid packages will be evaluated on best value criteria instead of on lowest cost as the highest weighted value.

Concerns discussed included:

- 1) Whether the structure will look like two different buildings if the option of repair/restore is chosen. Confirmation was provided that the materials in the building are straight-forward and readily available – such as paint and drywall, flooring and ceiling systems.
- 2) Whether the new brick will match the old under the restoration option. Confirmation was provided that what is currently on the building is a common brick. This likely will not be an issue because there is no location where the brick of the current structure will match up with the brick of the new structure, although a limestone band may have to be utilized in some locations

of all potential damage which may exist in the structure that is still standing, this will extend the timeline for being able to begin making necessary repairs to the facility.

- 4) Hazardous abatement and remediation may need to be discussed further. It is known that mold has been discovered in Area A and, as a result, part of the drywall has been removed which caused great concern for one Regent in particular in terms of what could happen in the future. Confirmation was provided that all plumbing walls will be checked thoroughly for water damage which could lead to mold and this includes what occurred as a result of the incident and subsequent to the event. In response to whether Luckett & Farley will guarantee if the restoration option is chosen that there will be no mold in the building, it was indicated they cannot make that guarantee. They also would not be able to make that guarantee for a new building. Ensuring the conditions necessary for mold to develop are not present will be a primary consideration. Mold spores are everywhere but will not continue to live unless there is a food source and water and any significant concentration of mold spores will be identified and removed. Part of the proposed restoration plan is to engage professionals to inspect and test for mold and certify the building as being free from mold as part of their process. A hazardous materials testing agency would inspect the building according to standard procedures for doing so. Throughout Area A repairs will be made to all gypsum board affected by water damage, in addition to replacing all carpet, acoustic ceiling, sheet vinyl, vinyl tile and wall coverings. All finishes will be completely redone in Area A but at this point the full extent of the damage is unknown. Anything that does not look right will be removed and either the insurance company or contingency funding will cover the cost. There will be a visual inspection and contractors will remove what logically needs to be removed. Exploratory demolition will also be undertaken in a logical fashion and then testing will be done to determine whether there is the presence of mold. No contractor will guarantee there will be no mold but buildings are designed in a way so they do not have the sources necessary for mold to grow. Agreement was reached that exactly how this process works and exactly what certification means will be researched further and additional information will be shared with the Board.
- 5) Confirmation was provided that the bidding process for construction work will need to follow state-mandated procedures.

Restoration of JH Richmond Hall, approved

Mr. Rhoads moved that the Board of Regents Joint Buildings and Grounds and Finance Committees, upon the recommendation of the President of the University, approve the option to restore JH Richmond Hall to its original condition immediately prior to its damage, approve a Personal Services Contract with Luckett & Farley for the design work on this project and approve the use of no more than \$2 million for energy efficient, long-term maintenance, revenue factors and structural changes to the building funded from existing housing reserves. Ms. Wood seconded.

Confirmation was provided that, when available, the administration will present to the Board final cost figures for the restoration work, including any enhancements to JH Richmond, for final design approval. The Board will also be required to approve any proposal for how the additional \$2 million would be expended for enhancements. It is anticipated this will be presented to the Board for consideration at the Special Board of Regents Meeting on May 11, 2018, the Quarterly

