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>>> We are meeting a week earlier than the board meeting and hosting the meeting probably have some folks who are watching us virtually.'s we are glad everyone is here, whether you're in person in the room or align. I'm going to call the roll and will start with the agenda. Starting with. >>

[Roll Call] and in administration and staff. I believe will meet us on the tour today.

[Roll Call]

Okay great to see all of your. We appreciate very much. This has been a drain on your time today and in advance of the board meeting but I hope that it makes our proceedings in a week or so go much more efficiently and smoothly especially with a number of regents that are here this morning so thank you, all of you for being here. Looking over the agenda we will have a couple of hours for tours starting with the pharmacist , and so starting with the basketball Performance Center and then part of the construction tour I have never been on before all 16 in the college cafeteria and then finish up at the fine arts project from which I think you will walk back so I think that is setting the stage for the next couple hours and following that we will be back in this room around 10:34 instructions report. John and Judy and then work through items seven, eight and nine on the board agenda concerning a couple of action items and then policy revisions. Hopefully we will adjourn around noon. On your way out if you want a cup of coffee or hot tea or these pretzels. We are not serving lunch so and so, with that in mind wrapping up grab something you're welcome to and enjoy a couple tours. Today I will say today I think is the official day of moving in to the basketball courts. Whatever it is I think today is the day that we officially open. So in the morning on that thank you for being here and look forward . All right let's go.

[Committee is currently on a tour] >> [Captioner standing by]

[Captioners Transitioning]

We have a full copy of the agenda .

I think we are streaming, according to April, is that correct? We'll resume our committee meeting. Thanks to all the staff who helped us see the center, the cafeteria on the east. And the project, might have some questions about those, but likely, those questions may be answered. If not, Don can answer the questions in our next report, so let's tackle that first.

Okay, thank you very much, Mr. Chair, and members. Today, I am going to present the construction report as you have seen it in the past. And there are several projects we have been requesting to take a broader look at and go through those, I believe what I'm getting ready to show

you is on page 18. You also had your full construction report. There's a Summary page of the current projects that are on going. We'll touch on the majority of these today. We'll tell you that there is some additional information we will share with you on student residence hall. We'll cover that in this presentation. I want to cover a couple housekeeping items right off the bat as far as the construction report that you are going to look at. I want to be up front with the board and just show you some modifications to that. It looks a little bit different. One of the things we have added is an order number, which is the project in the construction report. It helps us with auditing and tracking and ties it back to a board action. The other thing, too, you'll notice in the past, under construction details, it says estimated start and estimated completion. We changed that to read, notice to proceed and substantial completion. There's a couple reasons why we did that. Notice to proceed is basically notification from the owner, which is us, to a contractor that will come in the form of a lender or purchase order, because those documents and all of that originated out of procurement. They are procuring to make sure the I's and T's are crossed. Okay now you can proceed for the job, so nothing is discarded until after those documents are in place. It's very, very important. So we changed the board report to reflect that. Substantial completion. You saw substantial completion this morning when we walked through the basketball. Today is the day. What that means is, is the project or a portion of the project is ready for the users to occupy the building and begin to use it for its intended purpose. And as I mentioned, we reached substantial completion with basketball today. Specifics on the performance center are in your board book. What I want to cover with you today on this project is what happens now. Okay, we reached substantial completion, where do we go from here? A lot is going to happen. We'll begin the closeout phase of this project. What we will do at this point is begin to resolve the items. There will be things that are not quote, finished, yet, and we will resolve those with the contractor and make sure all those items are taken care of. All that will be on going as long as the users are getting acclimated to their new space. With the complexity of the project of that size, there could be some things that don't work. You can plug into an outlet and there's no electricity. You come back, and the plug needs to be replaced and some of those things repaired and similar if you build a house or something like that. Not everything may not work immediately. So a lot of those details will be worked out. You can have some paint nicks, all that will be resolved in final punch out. We also do a customer satisfaction survey and I'm not sure if a lot of people know that. I certainly want to share it with the board today. The fiscal department, several months from now, will send a survey over to the users. In this case, it's the athletic department. What did you like about the process? What did you not like about the process? What do you like about your new building? What would you do differently? You have to remember, this has been going on. The project started in July of 2019. All the plan was back in 2019. So would what do you like about it, what don't you like about it? We want that information so we can improve our process internally. We begin to enter into a phase with administration and financial closeout. And that will be a point that we will gather documents, manuals, other contractual, all that information will be gathered. Digitally, original copies placed on file

at the fiscal plant. Accounting reconciliation, which will involve multiple units within our division. Controller's office, procurement, fiscal plant, services, all these entities that get involved in these type of things that will begin to do the accounting reconciliation. We intend for the board to understand, we intend for our next steps here to bring you progress reports on January and April and our intention is to close out this project in July. Board policy 14 requires that projects that require coordinated board review, there is a formal closeout. This not one of those projects. However, it is a project that is more than \$10 million. It is standard practice that we follow that protocol because it is important and we intend to do that at the July meeting. So we'll transition to fine arts. You just walked through that. And that project is scheduled for substantial completion in early spring of 2023. And you just saw a progress update on that a few minutes ago. But there's a couple things that I want to bring to your attention. You'll notice in the project update, we have added a category. Supplemental project management to our team. I want to be up front with the board on what that is and what it means and how it will impact us. We have added supplemental senior project manager and accompanying administrative services for the remaining duration of this project. Back in 2018, when the board approved what we call the big five, which was the original five projects that were approved with the October board meeting in 2018, my understanding is, this was studied at the time. Nothing was done. It was just kind of out there. So what we have done at that time, there were three options proposed. We selected in this case, today, option number three. These services are accounted for in the project budget. Testing and inspection that allows for this. We had the money to do it. We felt it was very, very important for us to do it. How do we benefit from this? Having an extra set of eyes and ears and boots on the ground will provide us an opportunity to have someone tracking the items, developing our tracking schedule of those items and other items, we have better coordination with infield detailed changes since the reviews in the field, which is very important. We have better and consistent communication with all the project consultants all of the open issues, which are for a project of this size and scope. so, I want to transition now over to campus space, realignment, and renovation. If you recall in the April 2016 board meeting, the board improved facility programming and consulting, you'll hear me refer it to F D and C, to assess campus building space and utilization in develop a comprehensive space utilization plan. That was done. We refer to it as the FD and C study. And out of the study, a project budget of \$4.5 million was approved by the board of July 23, 2018, to support the initiatives that align with that study. A source of funding. One initiative that was considered by the FP and C study was the location of a culinary cafe, which is currently in the college of education area. The residents is a possible

relocation site. So, it was brought back to the board that was a project that the administration intended to move on with board approval and the board gave its approval in July 2019, as part of the capital budget that year. For fiscal '20, with an approved budget of \$1.5 million. This reduced the availability of funds to the campus space realignment and renovation scope from \$4.5 to \$3 million. This is what I need to share with you today. The culinary cafe was funded via heath fund balance and there's a difference between heath and heath fund

balance. Judy can speak to details on that in a moment if you'd like. So today, we are correcting the report. We are restoring the original budget to \$4.5 million and reflecting fund balance as the fund source on the project Summary, we'll notice it on your Summary that you have in the construction report that we restored the project budget back to \$4.5 million and from here on out, we will reflect health fund balance as the funding source for that. And this was part of the FY20 capital budget. I want to make sure I'm up front with the board that we are in a course correction on that, and our reporting correcting and moving forward. So, let's take a look at that project. This is one of the projects that we need to take a broader look at. I'm going to share some information for today. When you toured the facility in July, it was not finished. Probably 75% at that point. You saw it just as you saw fine arts, it's not finished, there's still work remaining to be done. So, what do we have left? We have to do a final punch out on the new kitchen and all the backup storage areas. The exterior main house, roof, and gutters, much improved. There's a south end patio that has been restored and made acceptable for outdoor use. There's an ADA restroom on the interior of the main house that is nearly complete, and the service modification in the house are nearing completion. If you take a look, the project budget for this project was \$1.5 million. That budget number is the budget number and it will not change. Within that budget number, you have all these elements that add up to that number. This is a very, very fluid thing. It changes all the time. I'm going to talk a little bit more about that. I'm going to drill down into how these different categories and share some information with you. This is all to date as of September 27, 2021. The first thing, your general contractor calls. There's a category that is outlined of \$302,000 in general contractor costs with this job. This number will change. We'll come back and talk more about that in a minute. Because as pay amps come up, updates are done, numbers change, as we pay bills. What does this cost? This is kind of your administrative type of overhead. They set up a job office, they put fencing up around the perimeter. They are paying all their insurance, workman's comp, all these things they are obligated to do, they are paying for it. Site work and outside utilities. We spend a lot of money and that gave this property on to the main campus. You know where it's located. It is off the rails over there. It's where adding cars to the train. We're expanding into the community. If you'll remember, those of you that have been around a long time, the social work building was originally a church. It was church of Christ. At some point, the university bought it, renovated it, and at that time, university went got that building as far as the main campus is concerned. It stopped there. We have to take this 100-year-old house, and we have to convert it into a commercial building and we have to add it to the electrical. So we have to add. We have to the conduits were done when that project was done, we had to fix all that, and come over here. It cost a lot of money to do that. As you can see, right now, projections are to come in as much as \$122,000. The kitchen addition, which is one of the things that you saw in July, brand-new, sits out to the side. Basically building a commercial grade kitchen. Projections are it could come in, and all of the detail is laid out there as far as where the expenses are accounted for. And the main house. Again, we're talking about taking 100-year-old home and converting it into a commercial property. The institution can use, and

all of the requirements and everything that has to happen to get that property online, up to speed, so it can be occupied and used by the college. And it costs a considerable amount of money to do that. Now one of the things I want to talk about is if you look that the and you say, you spent \$402,000, where did it go? Well, it went to a lot of areas. There are some things you may not have seen. First of all, we had to reinsulate the attic in the main house. Sucks the money out of the budget. Additional electrical service at the main house, and the proper infrastructure was added. In fact, closet over there that used to be a closet in a bedroom is now an IP closet. It has technology. It has a tower rack and all this stuff in it. A portion of the roof needed to be replaced. All the high pressure gas services of the job had to be put to the side, had to be completely redone. You really get into the expenses, there's some city expenses and the city expenses are tied back to that. A total redo of that. As with moat renovations, there were surprises here, too. And as we got going in this thing, the air-conditioning units on the second floor exploded and blew up and it happened late last year, prior to the winter storm. So we had to stop everything and replace all of that. Didn't account for that originally, so it had to go into this budget. We had to relevel the main house due sagging issues that were discovered after the renovations. They were internal, on the inside of the house. We had a major plumbing upgrade that we had to take care of. That was discovered after renovations began. We got into the walls and didn't realize this was 100-year-old piping that we needed to redo all of that. And all fire and life safety upgrades that had to take place to bring it up to code. And lastly, we spent a little money on classroom technology. It's my understanding that the kitchen addition. So not only can you cook, but you can also zoom while you cook. A couple knows how that works. Student center facility that is educational. And that technology was put in place for that purpose. So, when you break all of that out, today, as we sit here today, again, these numbers will change, your cost per square foot if you add everything that we did on the first floor, everything that we have done and will do on the second floor, and the new kitchen addition, which is a total of 5630 square feet, you're looking at \$255 a square foot for this project. So we have some money left. \$61,000. What are we going to do? What are our next steps? We need to do a final interior and exterior cleaning on this house. It need as thorough scrubbing. We intend to do that before the project is finally complete. We have a plan B on replacement of some flooring in kitchen. I think this will happen. Maybe it can clean, but if it doesn't, we need to set some money aside. It looks like we'll see to go ahead and proceed with that. We need to purchase and install all of our fire extinguishers, door signs, all of that kind of stuff will need before we can occupy the building. Interior painting is on going and has been on going for quite some time. We also need to replace the light fixtures. When you walk in the front door of the main house, there's a light fixture there, and a light fixture in what was the dining room here on the right. Really wasn't sure, some feedback from the college wasn't sure whether they wanted to keep those or not. or come up with something different to fit their vision with how they want to use the property, and the farmhouse feel they intended for this. We have some money aside if we need to go in and replace those light fixtures. We have to do the door hardware and operational access. It is our goal, I want to be clear

with the board today, to come back to you at the April board meeting with a final counting and reconciliation of this project. We walk back in here and present this to you and show you exactly to the penny how the money was spent on this project. That's our priority. We're in a position as we sit today, we really need the opportunity to finish it and work through some of the hurdles that we faced and have covered. Some general work done and we can come back to the board and take a look at financials at the April board meeting. There's also a room, I have heard some chatter in the system. But that would be exciting. Okay.

I'm going to stop you there, and ask if anybody has any questions about that?

For the inside, is that already in the budget? All the tables?

It was never in the project originally. The college accounted for that in their accounting on their side. However, I do want to say that if we have some money left out of that \$61,000. Our intention is to put it toward that.

Is there an estimate of what that would cost?

\$50,000 is the number I heard at one point.

Yes. We have been visiting with some folks in the building, trying to get some teams on board for that. They are managing it outside right now. But definitely get that number from the college. Thank you.

Yes, talking about furnishings and new lighting that is necessary and furnishing, is the idea and design to have period furniture that matches the style and the age of the home?

That's a great question. I think -- my understanding is, the college's vision for the home is farmhouse, maybe modern farmhouse, with the shiplap and you know, how all that is finished out. I would have to presume, and we can get a better answer for you, when they look at their furnishings, it will fit their style.

Because I mean, I know when we purchased the home, we purchased it because of its historical significance. And I would hate to see us move away from the period time of the home.

Well, that is a great point, because when we were given this project as a department, the college was inassistent that we maintain historical Character and charm of the house. If you will remember, when you walk in the front door, and you go to the left, in the living room, and you saw this exposed shiplap. It is still exposed. That is the contractors have gone in, they have taken all these little nails out and have taken the fibers out where the wallpaper came down. There's been much debate on what to do with that. Right now, it is the vision of the college to maintain that shiplap as it is. And there was some resistance to painting it, until really some firm decisions were made, because it is one of those things that you break it, you own it. And you start, you

think I need to paint it. And you go, EH, we just ruined 100-year-old shiplap. So, yes, the intent was to maintain as much of the historical charm as possible for this project.

I would like to encourage that we stick with that vision.

That is very much the vision.

Okay.

As far as my understanding. Thank you.

The budget was always \$1.5 million, so even though we found things that had to be fixed and corrected.

We have been able to do that.

We have been able to do that within the scope of the dollars.

Yes, sir. that was my intention at the beginning. These numbers eb and they flow. I'm sure you have all done things in your personal lives where you had to, well, I didn't see this, so I have to take money over here, throw it over here. So very, very similar.

You have a breakdown as far as -- I see the \$255 per square foot for the total project. My assumption that the kitchen probably would be greater than that. So a breakdown of the kitchen, and see where the costs have been put into that facility.

I can tell you that the breakout on here, on the 747, you're looking at \$617 a square foot for a commercial kitchen. And that falls kind of within the industry where the industry, it is anywhere from \$400 or \$900 square foot and up for a commercial grade kitchen. So, if you break out the kitchen addition by itself, you're looking at \$616 a square foot. to date.

Our final closeout report will have cost per square foot for the house, for just the kitchen, both of those have to split the cost of the outside utilities, but we're already starting to develop that and like you said, we have some of our additional POs going for the cost per square, but they started to fall into the more reasonable ranges as we categorize those costs, according to the closeout.

Questions I have. We talked the other day when we first reviewed this spread sheet, or the expenditures. We talked about the fact that there were perhaps expectations that were not accurate, you know, about what the finished product might look like or how extensive the renovation might be. The expectations have been fairly vivid. And that's one factor. But then we noticed that there were a lot of pretty expensive surprises that you encountered, you talked about those. Things that popped up after the project was started. And so given that, the fixed budget of \$1.5 million, we're not going to top that unless the board decides to take additional action. But given there were surprises that occurred after the fact that were pretty expensive, to keep the budget

number fixed, we had to tear back several of the things we would have done in the main house. Am I accurate in that? Surprises after the fact resulted in some reduced expenditures in the house.

Maybe some, but also we don't need to do that right now. The floor might be a great example of that. Kind of intended on redoing the kitchen floor, but we hit this over here, so let's put that back on the heater and get through this eb and flow and see what we have and come back and revisit some of those things.

And this is strictly a spilled milk type of scenario here, but when you look at the general contracting costs, you're talking about, you mentioned that's not a final number here. But if it were, it could be over 20% of the total. And so if that's a result of, partly result of this being a job or contract.

This is a contract job, yes.

Which it will be clear with the board about that, and perhaps in the interest of expedited order, we did develop, this is not like our stem building, if we were to develop a plan.

Yes, we did.

tell us how that worked.

So at the project start, we used our in-house estimate once we got approval. We had a separate project for the architects drawing and construction estimate. It was a separate project budget from this in April 2019. So we did get full drawings and a full estimate from them. We went out using a group, for an informal bid in 2019. It was over \$2 million. Just to accomplish the first goal. That was the first.

architectural was a million.

A lot of things happened. Were happening in the industry that the time, and it's been so far back now, we were considering what might not have been on the drawings at the time. But the contractor accounted for the things they know they have to do. We went through a value engineering process to get the scope down within the project budget with the college and then COVID hit. So we were staying on schedule and staying within budget and opted for an alternate contracting method, because we went to the bid, it was too much. When we went to VE, we needed to take a different direction at the time. So the cost does account for -- normally we pay for preconstruction when we go out for DC, the contracting vehicle allows us the opportunity to still get those services. There is more overhead. We get an estimator. We get safety inspector. We get a design consultant while, so we don't have to pay for the architectural group to redraw drawings.

That's what makes it a percentage of the total higher than it normally would be.

Yes, and I will say that in some ways, it's a fixed cost, so that service for the project feels heavier. But it would still be around \$300 or \$400,000, if were a \$4 million project, \$5 million project, which even since then, internally, we discussed what are the most appropriate project for use on job contract or job orders or contracts. In that moment, this is how we were staying on any kind of schedule and any kind of budget, as we realize.

In retrospect, you think the job was the only reasonable approach on this particular project if

At that time, in our life, and what was happening, absolutely.

I'm not trying to point blame, I'm trying to figure out, you know, those who forget. So I'm trying to -- we have certainly different personnel in place when this started. So I'm not trying to put blame anywhere, just trying to learn lessons.

Yes, sir, absolutely.

Absolutely.

Do you have any questions?

We need to go back and I apologize, but we talked about this. I skipped a slide and it's important, so I'm going to stop here before I go into power play. That's going to take up some time. I'm going to close a loop here on the \$4.5 million. I want to be clear with the board today. What we intend to do with that money and how that is going to be spent or not spent and how that will look like. And with the data we're going to use to draw conclusions within the future date. There is currently a campus space assessment committee that I chair that is made up of a broad spectrum of campus. Most of all the cabinet positions are represented with members within their units on this committee and what we have spent the last several months on, we do a drill down of what is the best options as far as campus space realignment is concerned. A lot of it goes back to the study that was commissioned and accomplished in 2018. And that group worked over the course of spring and summer to come up with recommendations and those recommendations were made just a few weeks ago. We appreciate Dr. Gordon's leadership and the opportunity to come to campus and present some of the initiatives that maybe things are kind of next steps. I'm going to paint this in real broad strokes. I'm a chain of command guy, and but there are discussions about, what is the functionality within Austin building? And what are the functionalities? And does that need to be a straight student services type building? What are we doing with the library? What are some things we can do in the library? We looked at some things and talked about some things. We got some support from cabinet that are on the right path. There's a lot more work that needs to be done, and under Dr. Gordon's leadership, some of this needs to be tied back to our campus master plan, which I know will be talked with you in a few more minutes. If you have any questions about, okay, what about the \$4.5 million and where do we go from here? I want to address that with the board today, so you know a little bit about that process. Again, very,

very, we'll come back at a later time and follow the administration on the next steps. I did want to cover that today, just so you're aware of that. So I'm going to fast forward to some untidiness. It came back to us on the power plant, kind of that whole narrative of how this began, how all of this happened, as you'll remember from the July board meeting, it was much discussion about that. And I spent a considerable amount of my time going back through, trying to piece all of this together. Really to appear to how it proceeds me and the department, to come to some conclusions on what we believe went wrong and where we go from here. And the only way I know how to do this is start at the very beginning. So I'm going to go back to October of 2018 when the board of regents approved what we called the big five. The big historic building program. Part of that was the fine arts expansion. When that project was approved, there were internal discussions that began to be had within the fiscal department. You know, if we're going to do this, we are going to do this expansion, we need to hook it on to the central power plant. It's right back here behind this building. So, to give you a snapshot, here's power plant one. And the fine arts facility is on the corner. So you're going to have to get from there to there to be able to do this. And you had a project manager on the mechanical side of the house who is in charge of this facility. Expanding it and I want to be clear with the board today when I say expansion, I don't want to necessarily it's a footprint expansion, it's a passive expansion. So we talk about expansion. So he's on the mechanical side. He says okay, I need to get to work on this. My goal is to get from point A to point B. At the same time, there was a project manager assigned to the fine arts expansion. And he is saying, I'm going to get the plan. So he starts to work and he starts trying to figure out how he's going to get from point A to point B. This point A to point B is vastly different than this point A to point B. And we wound up in C. What is C? We want to come back to C in a minute. Let's continue with our narrative. The board approved the fine arts expansion project in 2018. So in February of 2019, we rolled the calendar over to 19. They provided a proposal for power plant one to accommodate future growth and account for aged equipment. Project was being coordinated by project manager on the mechanical side of the house, back over here. The nearest possibility -- and their responsibility was the expansion of power plant one to include future, so their proposal options were provided at the time, and they provided several options and they ranged from 3.4 to \$8.26 million. So while this is going on, unbenuanced to this, the other side of the house who was tasked with the fine arts project, he solicits expertise. Campus energy partner. And he begins to talk about the feasibility of adding that project back to the plant. From there to here. And went so far to start the narrative and EMA kept throwing this out as well, as far as the project development and narrative. If you're going to do all of this, and you're going to take the effort to add fine arts to the plant, then you need to take a serious look at music because they should also be included because band is on the route. And went so far as to a paper napkin sketch provide a little road map. They put a potential route, okay? So we move along. And somewhere between March and July, the decision was made to opt for EMAs lowest cost option, \$3.5 million. Back in 2014, I found where EMA actually stated if HVAC retrofits, more than two years after the completion of the fine arts project, is

more cost effective to expand the plant now and add the other buildings in the future. So this narrative begins to develop. And there's your short-term option number one. We're going to expand the plant and the recommendation was \$3.4 million. All of the mechanical equipment and piping. And we come to July and the board approves the \$3.5 million budget. To expand, power plant one. Board ordered number 1-54. This was in July 2019. In July 2019, the fine arts project is still in development in the GMP would not be negotiated and we reach the construction phase for another 14 months. And then we started having staff departures. Number one left in September of 2019. Number two left in November of 2019. To date, another four have left, bringing the total to six. Only one employee, all the way back to the initial remains. Which made it really hard to try and fill in, because nobody was left to talk to. So now we flip the calendar to 2020. Now we're into 2020, early of the year, the fine arts expansion discussions are on going. And the internal discussions begin, because if you'll remember, recommended you might want to address this while you're addressing all of the others. And COVID hit. Mid March, COVID. The world went into chaos. People working from home, zoom was not a thing at the time. Just really, I think we all know what that experience was like for everyone, uncertainty, fear. And somewhere between that and the July meeting with minimal opportunities for thorough project development, it was determined the best path was to go ahead and proceed with the plan to tie music in an estimate \$2 million was developed for board approval. And there we are. We get to July and the board approves \$2 million to add. In the middle of all of this, right before COVID hit, all these narratives began to develop. It's really serious about routeing. One of the routes was the stack of paper napkins recommendation, where okay, you come out of the plant, you go into east college, you go through the parking area, come around, and connect then. Then you can see there was this line over here was where the music was going to connect in. And then somewhere in October, we wind up here. Really kind of unclear on how we went from here to here, but this is where we landed. This is where we are as of today, where the piping came down to the plant. Went to the hall, cut across, and that's what is in progress now. So under music, because there's actually a significant crawl space under music where the line is. Then the land out here, and pick it up and bring it home. So what went wrong with all of this? Well, the July 2019 and July 20 projects accounted for the cost to upgrade the plant, they bring the additional buildings on the loop and prepare. Neither one of them provided for the cost to actually connect the fine arts addition. Back to here. This guy and that guy aren't talking to each other from the beginning. It was fractured. It was broken. We wound up a gap. Dreaded, dreaded, dreaded. You never want that to happen, and it happened. Because when the dust cleared on this thing, you have gap everywhere. And the reason we had scope gap everywhere is because whatever you are working on resulted in different instructions. IT infrastructure, utilities, easements, shutdowns of buildings, all the parking and traffic, parking, sidewalks, build back, and no single person accounted for all of it. What you are working on depended on whose meeting. You have a guy over here trying to get up to here, and a guy over there trying to get back to here and they weren't talking to each other. So when the dust cleared, the yellow represents the \$3.5 million. you had enough

money to expand in the plant. you only had enough money to get you out to there. And then the \$2 million is represented in blue, where you had an opportunity to expand the plant back over here and got you to there. Because nobody accounted for that. A lot of confusion. A lot of dysfunction. Now, to be clear with the board, the board approved to close the gap on the July meeting. \$1.84 million. Funding was within the project budget and I'll talk more about that here in a minute, about how that came about. We had the money, which is a good thing. It was just a very, very, very ugly on how we got there. So what went wrong? First of all, there were too many cooks in the kitchen. No one person was in charge of the whole entire project. This resulted in unclear project objectives, silence and dysfunction within the project group. And COVID, and that cannot be dismissed as the detriment to this project. There were large gaps between meetings starting in March, where coordination and there was no coordination. Resulted in a lack of clarity and understanding of the project's goals and expectations. prohibition

meetings. Most of these meetings met like, where we have up to 25 people in a room, all the people walk in the room, all of the engineers, everybody lays their drawings out on the table. They go to work and start looking at all of this and start accounting for all the things. It never happened. We had touched that turnover, and I talked about that already. One individual remains from the very, very beginning, which has made this very difficult to go back and piece together a narrative on what happened. There was no cohesive teamwork. And mixed into all of this was how and what to build back. There were not dragouts over what to build back. We're going to have to tear up the roads and put in concrete. We have to go back in with asphalt. What if we put this school bus thing on the corner so school Buses can come in and park? None of that was accounted for in any of these. And it just wound up in total turmoil. So what are we going to do next steps? Well, we have to realign. It's very, very important that we do this and we are doing this now. To ensure that something like this never happens again. And I want to be very clear with the board that you have people working the staff level, very, very hard to ensure that this never happens again. We have done a major department restructure in 2021, which at the fiscal point level. We have better lines of communication throughout the department, across

campus. And beyond. The sin conization we can't do our jobs without having great relationships with all these areas we have to work within our division. And the upper level administration, and with everything else. Kind of an under statement, but it is just very, very important. And goes back to the master plan we talked about earlier. Now, I want to be clear with the board on this. There were lots of wins. We were able to expand a plant that hasn't been touched in twenty years. Update infrastructure, get that done. We had one full that remains for backup. Two, less than ten-year-old were retained from the mechanical yard over here. That we can put back in and repurpose in other areas for lack of and redundancy. Serve 11G buildings plus lodge, currently only serves eight. As I mentioned earlier, it did not require additional funds. There were funds in the project for fine arts, designated at \$1.5 million for the project, but the project manager never openly communicated that to anybody else. We removed HVAC equipment from north street, which was up here outside of the building. Which will provide

for better aesthetics for the facility. As well as that offers us expansion of the loading dock, which would be for the theater, which you saw earlier, and come up north street, there's another dock over there that is going serve the theaters in the addition as well Aztechnology and film making, which are underneath. A lot of students will beutilizing those, because of their educational and learning experiences and this will provide us an opportunity to get all of that HVAC equipment out of the way so we can provide for safer access. And we were able to replace an original water line that came into this building that was out here when the ditch was excavated. We could get that all cleaned and replace it. So that is a Summary and I will end with efficiency. This is based on the estimates, where you can see there on the air cool chillers, it would cost to run it independently, versus what it will cost to run those facilities on central plant. And these are the projections and as you can see, you are going to save some energy and some costs over the long haul. So thank you for your time and I yield back to the chair.

Any questions on this particular project?

Yes, Scott.

First, I want to thank you for the transparency to explain the whole time line of what went wrong. I know back in July, we talked about a lot of numbers. You have to give an overview of what the initial cost was and the final cost was, and really what was the cost of this function?

Let's go back here for just a second. This is where things began to get wobbly. Bear with me. The mechanical engineer provided the estimate for equipment and piping. Nothing

here says anything about excavation. You have to dig the ditch to get the pipe in the ground. The mechanical engineer, that's not his thing. He is expanding the plant and get the piping in the ground. You have to have somebody that is accounting for that cost. And you have a contractor look at it and your engineer gets involved in it, and the contractors get involved in it. They say okay, we have to dig a ditch that is 8-foot deep and it will cost X. And when you get back to here, it's one of the reasons why it ran out of money, because that wasn't factored in and you were only able to get out to there. A fifth one of the original, with the 3.5 was approved by the board, when the contractor got involved, I think their initial estimate was \$4.2 million. Is that right?

Yes.

And a total project cost on all this is a little over \$6 million. To do all this.

All of that has been authorized by the board.

All of that has been authorized by the board.

When was the last time before that we did a similar project? This kind of piping?

When was the last time?

Yeah.

More than twenty years ago. We haven't -- other than what we connected with stem, with stem we did piping.

We did do it be for the stem building?

But other than that, no other building that has been put online had been tied to a plant. He mentioned part of the on going plan to reduce energy costs.

It seems like a big oversight. It does seem like that ought to be the foundational conversations, a big project.

And the bidding process, whether it's an architect or a mechanical engineer, or an electrician, I mean, you can't install those things without the hole being dug up. I wonder if you look back at the building, who accounted for that and the connection on the stem building?

it was a little less complicated. It was all included in one contract. It goes back to the A to B and B to A. And stem, it was all one project. All one budget. All one team.

And I understand the mass confusion, the big block and the time frame and the COVID. I completely understand all that. But the initial that begins with the first bid.

Yes.

The power was going to get from one place to the other, somewhere in there, the architect or the engineer dropped the ball. Or the responsibility of getting that power from one side to the other.

Yes , ma'am, it was accounted for in the first construction bid, which was with the first, why are we here and what are we missing? But yes, there was one type of engineers working with one project manager and one type of engineer working with the other project manager. Typically, I might prefer that we start all together with say, our primary architect. Fine arts, we are dreaming now how we might have kicked off that meeting a bit differently. And pulling in all of our consultants from different areas. There was that period of time when no one would come to campus for a meeting as well.

Very unfortunate series of events.

Very.

you know, that should be in preconstruction documents.

are you doing this or am I doing this? I'm going to do this, okay, then you can have. We had that going on. It was not a helpful thing. So, reassure the board that we are --

Internally?

Yes.

Both the blue box. That's my understanding. [inaudible] I found an e-mail from 2018, when I went back to his house, not a single cent was left. He helped tie some things. But I want to reassure the board, internally, we have moved on and we are very much on top of projects and attention and communication. Both departmentally, externally, as well as within our division.

How does it work, it seems like is there somebody that should sit on top of all this stuff? You have --

There is now. [indiscernible]

Both of those employees at a couple levels above them. Or maybe even three.

I tell you, one of them was actually not a full-time employee.

Yeah.

He was a retiree that was limited to twenty hours a week, and he only worked twenty hours a week.

We restructured the project management and team to have the line of communication, a primary -- we are a team of project managers with the construction director. So we are operating as a team and not as independent project managers and then I as construction director receive weekly updates with John and with Judy on how it should be.

Okay, I took this job in April, and sometime in May, all this Laaned in my inbox, and I think there were folks around, when something lands in your inbox, and I went, stop right now. And I had a meeting with Vice President at the time and we began to work through this and which landed in the July board meeting. Since then, I worked even further to go back, okay, we have to learn from this and there are lessons all over it. The gap is function 101, that's common stuff. And we have to repivot and realign and get back focused on the mission here and work through that with this gap. Thank you. Yes, madame chair.

So, if there was a construction manager over this entire project, it is your opinion, that these missteps would have been avoided?

Yes , ma'am.

And did the board approve of a contract manager in 2018? Are you aware? You may not be aware of that.

What you're asking may go back to questions one, two, three, where I know it was recommended. I don't know if the board approved or not, so I don't want to speak. But nothing was done. That's part of --

The board approved that particular detail, but it was in the budget to do that, right? It was in the construction project.

Approve the hiring of our issue issuance.

Never was followed through on there. And we have since again, where we pivoted back to here, I will tell you moving forward, future projects, and as we work through things, this is really going to be something that we're going to have to incorporate into our project budgets. This is important and you have these boots on the ground and in this case, we have one. But in future projects, if we do another \$50 million building, probably going to want someone in there from day one. And they take it from day one. And they walk through as you go, you may add somebody down the line. They will be there for a period of time, and you know, that person may drop off as you wind things up. This is very much a missed opportunity and this is very much part of our internal discussions. The department and with our Vice President, Judy, very much part of the conversation moving forward. for sure.

Great.

So I'm going to go back to here and I'm going to give the full review. Thank you very much.

Thank you.

Okay. Speaking of lessons learned, I'm going to draw your attention back to the project Summary that John showed in his presentation. This is typically the first part of the traditional update report, construction update report. And you'll notice on this, on the first, fourth, and fifth projects, the student residence hall and the dining facilities are the two big five projects that were funded with the large bond issue in 2019. And they were in the bond issue authorization. We had earmarked \$23.7 million for the residence hall and \$15 million for the dining facility. We went to a construction audit back in July and we actually uncovered that the correct terminology is not being incorporated in. So technically, the project amounts for those two projects are zero. We left this amount in there for reference because this is how you have seen it. But we're bringing to you today an action that will effectively close those projects out as they have been expended to date, because we have decided to table the projects for lack of a better description, we realize that we do not have funding to go through with the original intent of the bond issue. So, as we are very familiar today, we went through our dining hall, and what we are proposing is we close out the projects today for the million 90, which have been spent on the student residence hall, and \$194 on the dining facility, and we revisit the best use of the remaining bond funds of that \$39 million, I think.

Judy, just for a minute, get background. We had a meeting two or three weeks ago, I guess, about those funds. And I think Gina, after we circled the issue several times, mentioned that we had the commissioner, back in 2018, I can't remember exactly, and never awarded that contract. He chose a contractor to do that, and never engaged them. And so we thought, what we need to do is back up and recommission the master plan, which will be on the January agenda?

It will. And actually, these action items are presented on page 98 in the book. So we are bringing it forth, two action items today, to do exactly as you said. The first is to ratify the budget for the student and dining facilities to close out expenditures today. And then the second action item is for the approval to issue an RIQ to update.

Okay. And just to clarify, I assume that they would WA we'll do is take action on these at the meeting.

We're going to discuss it today, but we won't actually offer a motion today. But essentially, we'll come to a conclusion, I hope, we won't actually pass a motion.

Yes.

And I will tell you that Johnson have already started working on the details of the art and the plan is to have a much more involved approach in the process because I think you get out of it what you put into it. If you bring it to campus, and you don't guide them and your ideas towards the future of campus, sometimes they come back with proposals, oh, that isn't going to work. It derails the rest of the plan. Which we can solve with the last master plan that we had H and you know, we just want to be involved to make sure we got the architects through our vision, enrollment plans, and make sure that we get a much more beneficial document.

And I want to mention that, you know, our education landscape changed even from 2018, really dramatically. COVID really accelerated it. When we go out for the RQ, I would like for us to consider including in it a significant aspect of the virtual university. And the thing about master plans, we think about the master plan, geographically, here, but I think we need to think in a virtual way also about a master plan. And how distance learning, which we may not be all that engaged in now, who knows what we'll be engaged in ten years from now, in that respect. So, I would like for us to have a contractor that has some vision for that and understand what we might need tech for connections and that sort of thing. You might have some input on that. But I think we're in a place where we may need to consider all of that as well.

Absolutely.

We don't want to not consider that, is what I'm saying.

Absolutely, and the need for space.

Absolutely. Good point.

So, needs to be cognizant of all these issues. But with real facility in those areas.

Agreed. Couldn't agree more.

But yeah, so real expertise in those areas. Thank you, Judy.

Well, and to your point, go to the top, the \$4.5 million space realignment project that we talked about that was funded two or three years ago. Three years ago, and we really haven't spent a lot of that money. A little over \$50,000. The idea at the time was to take recommendations and to build this support system for the one stop shop welcome center we were going to build. And so a lot of the \$4.5 million was work that Jessica did at the time, to implement the locations and ultimately the plan was to build a one-stop office, and have all student support, having Austin building and administrative building. As we have talked in cabinet, you know, the conversation is do we really need a one-stop physical back office? Or do we need a student portal?

That's my point.

So we will be bringing recommendations for repurposing of those funds to you in January that include a lot of infrastructure, that it's more important for us to provide electronic accessibility for these students than for us to be located in a building that we should be planning for them to never enter.

Do you recall what the cost of that contract would have been three years ago? That master plan, do we recall what the budget was for that master plan?

I don't know. The FP and C piece, which was the consulting that came in and made this update to the master plan was this was the estimate of the majority of what we decided we would follow through this. And it involved reconstruction of office space on campus, reconstruction of library space.

There was a couple of space utilization consulting, but when we had the three firms, CurtSY was number two.

The master plan contract. Do you recall what the number was that we expected to spend? Do we think we have enough money, or is that top dollar available?

It is available to fund, yes, and John, the number we heard bounce around is \$1.2 million for the master plan.

Okay.

What was their proposal that?

That we did not all approve it. The good news is, you have \$4.5 million directly that we can utilize in a different way to accomplish the same.

Okay, go ahead, I'm sorry. Any other questions about any of these numbers on this table? I think we talked about most of them. We didn't talk about the last two, I guess, but we do not have the --

Going to be on going work. I can get a better Summary for you. > [indiscernible]

It's in.

Okay. And it's all donated funds anyway.

It's 100% complete.

95, there's underground plumbing and we'll do our financial closeout. The material arrived earlier in the month.

So --

I know we had to get this resolved. And that was quite a thing.

And we have replaced the low portion of the roof on McGee. And then the roof drain repairs on the pipe abortion. Similar repairs on McCibbon. A partial replacement on the roof, the area that is the gym, and partial repair of the main portion of the roof. Tucker house roof and gutter is in the mist of being replaced right now. We drove by that. And what we are calling various other repairs. So, we keep our list of where we need a bigger chunk of funds, so they are chasing a leak, a little bit of the lobby area, just things that the blizzard took some life off of a few of the roofs. Those are being addressed.

Good.

Do you have questions?

I have just one. On the projects that have been paused, and I think I may be -- I want to see if we are touching on it, or the finance and audit committee meeting. It's not as if we pause those projects, we can give that money back, and it's a technical issue of whether the bonds, taxable bonds or nontaxable bonds and we have to reach out to bond council on that and they have to give us advice and counsel about what is done and it's more expensive to give the money back than reutilize that money. So, I haven't been in all the meetings. It's my understanding, all of that analysis is being done at a deep level with a the lot of outside counsel, and then we as a board are going to do some strategic thinking on if that is the case, we'll get those reports and then we'll determine what is the highest and best use of those dollars, is that right?

And a lot of those conversations have been met. And we have a general understanding of the limitations and do not feel like there are issues about the limitation, use of the money.

We can go into more of the bond balance and time lines of when we should have the money spent, as far as issue.

Okay. Perfect. Thank you, Judy.

That's the other deadline. The usage of those funds. That's why we -- if the master plan is going to inform -- [indiscernible] any other questions? So, we have agenda item 17 here, on our board agenda. I heard how our committee meeting today, given we have a couple present, the entire board, how much repetition of this meeting you need to engage on that meeting.

I think we tell them to watch the media.

And so I think it will be a key there, that I would like to not do this time, go over it once. so I'm hoping, they are fast studies, so they should be fine.

we can communicate with them on that.

So, I'm assuming our committee meeting this time. But I do really appreciate the opportunity to really go -- perhaps learnable lessons in these contracts in the past years that we didn't do what we needed to do because of what we had for the regular board meeting. I am hoping we can have this going forward. I really do appreciate getting here. [indiscernible] it helps to look at these things, and the cafeteria, we haven't been there in a long time. It is vital for this, as many board members, to do a little governance by walking around. So, I hope we do this and go deeper into some of these things.

One technical questions before we move on. Because I know the proposals. The current level, but looking again at that construction. On the screen now, the column, that was contracted activities that we will be able to avoid in the future, or is there something we have to pay for? Because it is under contract?

When we looked into this a few months ago, it is determined we are current with all of the expenditures that we are contracted to pay. And so what's left is the balance of purchase orders to provide the services. Our courtesy is the architect record for these projects, and that won't change. That is at the time we issued the bond and we move forward. So we will ultimately, once we decide how to use these funds, will have a new contract that will be on there, but then we don't anticipate going forward in these projects.

Okay, just want to make sure.

The total cost, 2.7F you add those together. Is that money that we will expend?

We expended this column. This column is the balance is the purchase orders.

We will not pay that toward the original initiative.

Okay.

We will negotiate a new contract with them when we decide how we're going --

We are at 1.3, but not 2.7.

Yes.

Okay.

One question, if you don't mind. I'm not sure who this question is, if I recall correctly, one of the selling points was that they were going to put a local office in Nacogdoches, have they done that?

They have not done that yet. It's primarily because we are not doing projects as initially intended.

Okay, they also had a selling point to do internships. Have they made good on that?

They have. I would say that the department will be able to give you more details. But they have been working with interns. They have also been working on the start of the construction management program with that area. But the details on the quantity of interns.

It seems as though there was one other,

Yeah. Remember that was part of their sales pitch, is we're going to put in this, we're going to be here all day, every day, and we're going to hire local people and we're going to do internships with students. [indiscernible]

I thought it was when we did the five projects. October '19. Because they had already finished, well into the project.

I think you're right.

Yeah.

Okay. Thank you. Okay. All right. Well, policy revisions, are there any other questions on the construction report on items 7 or 8? Okay. Before we get to policy revisions, I want to mention that, I guess everybody knows that we were awarded in the last day of the session, \$44.5 million, somewhere in there.

\$44.9.

For an opportunity for deferred maintenance. Some degree at least for deferred maintenance, and a new building, which I know we have gotten the proposal. But obviously, the master plan will help inform us about that as well.

The money isn't going to be available until next year.

Okay.

So that's not a bad thing, because we need to have discussions and some planning and I want to reiterate your desire to get that master plan moving quickly, so we can have it as we do our deliberations.

Absolutely. So we have these funds that are on pause, plus that to consider what our next steps should be on building and grounds. That's something we need to be extremely -- we need to be considering. Thoughtful about where we're going with this. And so we won't speculate further than that, talking about a possibility, we don't want to -- the process, but I do want the building grounds committee to be engaged in that discussion with our master plan, whoever that is.

Absolutely.

All right. A preview of the policy revisions, on page 100.

The TRVs, also a point of clarification, the projects that have been paused are on the projects, and technically fall on the projects. The intent is that the legislature is then going to appropriate funds for us to repay those dollars. So it's not as if we are taking on an additional \$45 million in debt service because the intent of the overall package is that the dollars are appropriated.

That is correct. And Brandon has reminded me, too, that there's also over 6 million available as well. We are looking at mid 80s.

Right. That needs to be something that is consider as well.

Okay. Pretty good picture of it. [laughter] anything else? Okay. So we have policy revisions. Anything? These are all scheduled. Give us an overview of them.

So, 16.8 looks like it has a lot of revisions and a lot of change. If you compare -- page 102. If you compare to the first paragraph, it's just another way of saying pretty much the same thing. Just worded a lot better. So it looks like a lot, but not really. You'll notice on the same policy, I have taken out a paragraph there regarding the board and influence political opinions. That's already in our ethics clause. So that has been redirected. Looks like 16.35, some minor changes. And naming guidelines, that's a scheduled review. A few changes there.

Okay. Not much change there, it appears.

A title change.

All right. Those three policy revisions are all there for the October meeting. I presume we'll advance those to the board for approval?

Dr. Gordon .

Anything else, Judy or John that we need covered? All right, in that case, I'm about 23 minutes early. We do have a committee meeting following this.

Yes, sir.

Okay. And I have already suggested the opportunity. Lunch.

I want to enforce that.

I appreciate all of the tours today.

Thank you, staff.

Thank you. All right, again, thanks for your demonstration and staff for all your time today. Very valuable. You give us the opportunity, and we appreciate your time. Thank you again for transparency. All right, thank you. The building and grounds committee meeting is adjourned. [Event concluded]