

**SOUTHEAST MISSOURI STATE UNIVERSITY
BOARD OF REGENTS MEETING**

**October 5, 2015
9:30 a.m.
Academic Hall
Board of Regents Room***

Special Called Meeting via Teleconference

Open Session Agenda

ACTION ITEM:	Attachment	iPad Page #
1. Consideration of Motion to Proceed with Phase I Greek Village Concept	A	

ACTION ITEM:
1. Consideration of Motion to Adjourn

**Accessible to Physically Handicapped or Disabled*



BOARD OF REGENTS

MOTION CONSIDERATION FORM

October 5, 2015

Open Session

I. Motion to be Considered:

Approve awarding a contract for construction of Phase I Greek Housing in the amount of \$7,718,500.

II. Background:

In December 2014, the Board approved the feasibility of a Greek Village concept. On February 28, 2015 the Board reviewed conceptual design options and draft site plans, and authorized administration to complete design development and negotiate lease terms with interested Greek organizations. On May 8, 2015 the Board approved conceptual design and authorized administration to complete design development and finalize lease terms with Greek organizations for Phase I Greek Housing.

Plans and specifications for the project were completed in early summer 2015 and a construction cost estimate and 10% contingency totaling \$7,954,092 was used to calculate chapter lease rates. Four fraternities executed a Memorandum of Understanding with the University based on those rates and provided a \$5,000 deposit prior to construction bids being let in July 2015. The Memorandum of Understanding outlines the lease terms, projected lease rates, occupancy and operational guidelines for this on campus housing project.

Four bids were received on September 14, 2015 for Phase I Greek Housing construction. The low bid was \$7,730,000, which was \$477,787 over the July 2015 construction cost estimate. Hollis Miller architects and University administration reviewed the bids compared to estimates by functional trade (electrical, HVAC, etc.) to determine any misinterpretation of bid documents

Recommended By:

Student Government _____	Chairperson _____
Faculty Senate _____	Dean _____
Administrative Council _____	Academic Council _____
VP, Enroll. Man. & Stu. Suc. _____	Provost _____
VP, Finance & Admin. <i>Ricky M. Mangels</i>	President <i>[Signature]</i>
VP, University Advancement _____	

Board Action on: _____	Postpone: _____
Motion By: _____	Amend: _____
Second By: _____	Disapprove: _____
Vote: Yeas: _____ Nays: _____	Approve: _____
	Secretary: _____

or future opportunities for value engineering. Electrical and plumbing were the two trade categories that substantially exceeded cost estimates. In addition, these buildings are wood frame structures and contractors indicated there has been a substantial spike in wood framing prices since June of this year.

The University met with representatives of Pi Kappa Alpha, Sigma Chi, Sigma Nu and Sigma Phi Epsilon on September 30, 2015 to review the current construction cost and the effect on their lease rates. While the University will finance the cost of construction, the financing costs (principal and interest) will be amortized to the chapters through their lease rate. Lease rates are based on University financing cost for a 30 year, tax exempt financing. The effect to the individual fraternity lease rates of the increased construction cost and maintaining a 10% construction contingency ranges from an increase of \$6,500 per year to \$9,700 per year.

At the September 30th meeting the University reviewed future value engineering items and bid alternates that had been identified which could reduce the construction cost. While the four houses were designed using common structural and HVAC systems, chapters were given the opportunity during the design phase to customize spaces including stonework and wood detailing. Some chapters expressed an interest in reducing the scope of these finishes in order to reduce the cost of their individual house. Based on known and potential value engineering items, the difference between current construction costs and the July 2015 cost estimate is approximately \$290,000 (See Attachment 1).

All four chapters have provided written notice that they agree to the increased lease rates and will execute a final lease during the month of October 2015. The Memorandum of Understanding, executed by each chapter in July 2015, also requires that each chapter have \$10,000 on deposit at the time of lease execution and an amount equal to 50% of their first year lease within six months prior to occupancy. This provides the University with a financial resource to cover financing costs should there be a future break in occupancy by the initial leasing chapters.

This construction project is part of a larger initiative to enhance student engagement and to retain and graduate more students. Since 2013, the University has worked with fraternities and sororities to increase student participation in Greek Life. In recent years, the University has seen the recolonization of Phi Delta Theta, Tau Kappa Epsilon and Zeta Phi Beta. Additionally, the number of women participating in sorority recruitment is increasing and the groups have expressed concern that there is little room for growth. The Panhellenic system is in need of additional on-campus housing to accommodate sorority expansion and/or larger memberships.

Strategic planning for Greek Life is underway. The University enlisted the services of the Fraternity and Sorority Coalition Project, a partnership including the Association of Fraternity Advisers, the National Panhellenic Conference, National Pan-Hellenic Council, Inc., National Association of Latino Fraternal Organizations and the North-American Interfraternity Conference whose purpose is to "objectively review and communicate the overall health of a fraternity and sorority community" (Coalition Mission Statement). The University has received

the final report from the consultants and is developing short-term and long-term strategies to act on their recommendations.

Based on the contingency of this project to future enhancements to campus life and the commitment of the chapters to amortize the construction bid through their annual lease rate, it is the recommendation of administration that a contract be awarded to the low bidder in the amount of \$7,718,500. This represents the base bid of \$7,730,000 less the deduct bid alternate #1 in the amount of \$11,500.

The project schedule calls for two house to be complete for occupancy for the Fall 2016 semester, and two for the Fall 2017 semester.

Greek Housing Phase I Construction Budget Summary

Construction cost estimate July 2015 (includes 10% contingency)	\$	7,954,092
Construction bid September 2015	\$	7,730,000
Bid alternate #1		(11,500)
Total construction contract	\$	<u>7,718,500</u>
Potential value engineering items - University identified	\$	(112,500)
Construction contingency - 10%	\$	760,600
Revised construction budget October 2015 *	\$	<u>8,366,600</u>
Construction budget difference	\$	<u>(412,508)</u>
 <i>Additional potential value engineering items:</i>		
Reduce landscaping & material testing budget, casework revisions	\$	(74,200)
Potential interior/exterior finish reductions by individual house	\$	(50,000)
Potential Construction budget difference	\$	<u>(288,308)</u>

* Budget used to calculate revised lease rates discussed with chapters on September 30, 2015.